

Framework for a New Safety Net for Low-Income Working Families

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Low-Income Working Families

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FRAMEWORK FOR A NEW SAFETY NET FOR LOW-INCOME WORKING FAMILIES

More than a decade after the passage of welfare reform, the old safety net for families has changed dramatically. Yet the shape of the new safety net has not fully emerged. Seven in ten low-income families have at least one adult who is working regularly, yet too often these families struggle to pay bills, raise children, and maintain a stable family life. For them, the ad hoc, patchwork nature of today's public programs and private benefits is all too evident.

The gaps in the safety net are also evident to employers that seek to hold onto a workforce divided between work and family obligations and to stay afloat financially in a world of global competition. Employers see the inconsistency of the safety net when they must choose whether to offer job benefits that other nations support from public resources but that American families receive only through work.

Finally, the gaps are all too evident as well to local, state, and federal policymakers and administrators, who try to mesh an often-fragmented program structure to families' needs.

This paper offers a framework for thinking about the complex array of public programs and private benefits that can help low-income working families chart a course toward steady work, economic security, and healthy development for their children. Making a difference to these families requires paying attention both to their private-sector workplaces and to many different public programs. These workplaces often pay low wages, lack flexibility in scheduling, and provide limited benefits. The public programs—such as housing and child care subsidies, job training, health insurance, and income supports like the earned income tax credit (EITC) and food stamps—typically are not coordinated with

one another, and each program operates under its own set of rules and financing and administrative structures.

Helping low-income working families also requires paying attention to the adults' lives as both parents and workers. Because low-income families are less likely than better-off families to have flexibility at work, are more likely to be raising children with physical or emotional health problems, and are more dependent on each week's paycheck without significant private resources, they face even more wrenching conflicts between family and work than other Americans.

Doing justice to this complexity requires a carefully designed framework. A narrow, program-driven approach to policy development is unlikely to meet the needs of these families. But a broad, cross-cutting approach that seeks to cover all the relevant issues at once—workplace conditions, work-based benefits, and public programs that affect children and their parents—can easily get bogged down in complexity. The list of public programs and private job benefits that could be relevant to family well-being soon becomes overwhelming, and the expertise required to sift through the evidence is scattered among multiple policy fields.

This paper responds to this challenge by developing a framework that is clear and relatively simple, yet cross-cutting in its approach to policies and programs. It is grounded in the needs of low-income working families that, in turn, lead to five core goals for public policy. These goals are rooted in the circumstances of the families, not only in the organizational structure of government agencies or of policy expertise.

To begin, this paper describes the diversity of low-income families and how they get by in today's economy. Then, it develops the framework for a new safety net around five key goals. After that, the paper summarizes existing programs and policies in the United States that fit into this five-goal framework. Finally, it highlights a selection of policy ideas that aim to close the gaps in the current safety net. Two tables in the appendix provide greater detail on the array of existing programs that address the five goals (in table A-1) and information on a few examples of possible policy or program approaches to addressing current gaps (in table A-2). The paper concludes with a brief discussion that suggests how this framework might be used to support action by policymakers and how the framework leads to next steps for research and analysis.

The Context: Low-Income Working Families and Low-Wage Jobs

To think clearly about policies and programs to help low-income working families, it is important to understand what America's low-income families are like, what their needs are, and how they fare in today's economy. This helps set the context for understanding the current array of public and employer-based supports that are meant to serve these families, and what more might be needed.

Who Are Low-Income Working Families?

Based on earlier work (Acs and Nichols 2005; Acs and Loprest 2005), we focus on families, defined here as all persons sharing living quarters who rely on one another for financial support.¹ Further, we focus exclusively on families with children under age 18—because child well-being and development are at the heart of the social policy agenda—and on nonelderly families because the elderly have access to public supports that are not tied to current work status (e.g., Social Security and Medicare). Our

definition of low-income is twice the official poverty threshold. For a family of four, our low-income threshold is about \$40,000 in 2006.²

When we define the level of work in families, we require that at least one adult in the family work full-time, full-year for the family to be considered a “high-work” low-income family.³ Full-time work (35 hours a week or more) is far more likely to carry employer-sponsored benefits and provide opportunities for advancement than even substantial part-time work. In addition, many families work substantially but have no single adult working full-time, full-year. We consider a family a “moderate-work” low-income family if there is no full-time, full-year worker but the average annual hours worked by all adults is greater than 1,000. Thus, a single mother would have to work at least half-time (but less than full-time) to be considered a moderate-work family while a married couple in which neither works full-time would have to supply a combined total of more than 2,000 hours to be considered moderate work.

Almost one-third of all nonelderly families with children—13.1 million of them—are low-income families. Only 3.8 million of these families have adults who are not strongly attached to the workplace. The vast majority of these families (9.3 million) are either high- or moderate-work families, and among these working low-income families, more than four out of five have a full-time, full-year worker (Acs and Loprest 2005).

Low-income working families with high levels of work effort differ distinctly from low-income families in which there is less steady work.⁴ As table 1 shows, high-work, low-income families are much less likely to be single-parent families (headed by a single parent with no other adults present) than other low-income households. In addition, high-work, low-income families tend to have more children than other low-income families. The heads of high- and moderate-work, low-income families also have, on average, more years of formal education than the heads of low-work families.

The racial and ethnic composition of low-income families varies by work status as well, with the most consistent differences appearing between high- and low-work families. Of every 10 high-work, low-income families, 6 are headed by whites and 2 by blacks. In contrast, among low-work, low-income families, almost half are headed by whites and more than a quarter by blacks. Immigration status also plays a role. While 8 out of 10 moderate- and low-work families are headed by U.S.-born citizens, only 7 out of 10 high-work, low-income families are headed by U.S.-born citizens. This means that 30 percent of high-work, low-income families are headed by immigrants, and interestingly, over two-thirds of these immigrant families are headed by noncitizens. Finally, high-work, low-income families are more likely to be headed by a prime-age worker (age 30–49) than moderate- and low-work, low-income families. Low-work, low-income families are more likely to be headed by someone over age 50 than high-work, low-income families, suggesting that age and infirmity may account for their low work status.

Although low-income families with strong ties to the labor market are distinctly different from other low-income families, they also differ from working families one rung up the economic ladder—those with earnings between two and three times the federal poverty threshold. High-work, low-income families are more likely to be headed by single parents and less likely to be headed by married couples than high-work, moderate-income families. In addition, high-work, low-income families tend to have more children than high-work, moderate-income families.⁵ The heads of high-work, low-income families are less educated than their counterparts in moderate-income families. Also, a greater propor-

TABLE 1. *Characteristics of Low-Income Families by Work Status (percent)*

	High work	Moderate work	Low work	All
Family type				
Single parent alone	21.7***	62.2***	38.6***	31.5
Married couple	45.9***	19.3*	23.5***	36.0
Other adults present	32.4***	18.6***	37.8***	32.4
Number of children				
One	24.2***	36.3	34.6***	28.7
Two	35.8*	31.6	33.1	34.5
Three or more	39.9**	32.2	32.3***	36.7
Education of head				
High school dropout	27.6**	20.8***	39.1***	30.3
High school graduate (or GED)	39.1	43.4***	33.9***	38.0
Some postsecondary	25.4	28.5***	20.9***	24.4
College graduate	7.9	7.3	6.1**	7.3
Race of head				
White	59.4**	53.6**	45.6***	54.5
Black	18.7***	28.2	28.7***	22.8
Hispanic	19.0**	14.6	16.7	17.8
Other	2.9	3.7***	8.9***	4.8
Immigrant status of head				
U.S.-born citizen	68.6***	79.7	75.5***	72.0
Foreign-born naturalized U.S. citizen	8.9***	5.1	6.9**	7.8
Foreign-born noncitizen	22.6***	15.2	17.5***	20.2
Age of head				
18–29	25.0***	35.5**	28.8**	27.4
30–39	45.5**	38.8	34.4***	41.3
40–49	23.6	20.1*	25.0	23.6
50+	5.9	5.6***	11.8***	7.7

Source: 2002 National Survey of America's Families.

Notes: See text for definitions of work and income categories. Significance tests are across pairs of work categories: for the first column, high vs. moderate; second column, moderate vs. low; and third column, low vs. high. * = significant at the 90% level; ** = significant at the 95% level; *** = significant at the 99% level.

tion of high-work, moderate-income families are headed by non-Hispanic whites, compared with high-work, low-income families.

The heads of high-work, low-income families tend to be younger than the heads of high-work, moderate-income families. Almost 25 percent of high-work, low-income families are headed by someone under the age of 30, compared with 18 percent of high-work, moderate-income families. Thus, to a certain extent, low-income status among high-work families may be due in part to youth and inexperience. However, the vast majority of high-work, low-income families (75 percent) are headed by someone age 30 or older, and it is unlikely that these families will naturally move up the income scale as their heads age and gain experience.

This comparison of the socioeconomic characteristics of high-work, low- and moderate-income families offers several insights into why some families remain low-income despite having at least one full-time, full-year worker while others achieve more economic security. Differences in age, education levels, race/ethnicity, and immigration status may be associated with differences in wage rates and, hence, income levels.⁶

How Are These Families Getting By?

The average after-tax income for high-work, low-income families is over \$26,000 a year (counting the value of near-cash public transfers such as food stamps); for moderate-work families it is about \$20,000. Adjusting for family size places their incomes between 130 and 150 percent of the poverty threshold on average. The vast majority of these families' incomes (over 80 percent) comes from their own earnings. Programs that serve poor families that are not working much simply do not provide much support to working low-income families.

The biggest source of governmental assistance for these working families comes through the tax system. The average high-work, low-income family could receive nearly \$2,000 by using the fully refundable federal earned income tax credit. The EITC is worth over \$2,500 to the average moderate-work, low-income family.

Also note that even though most low-income working families have high levels of work effort at a point in time, there is significant job instability among low-wage workers, and they are more vulnerable to economic fluctuations.⁷ As discussed above, the majority of low-income families have at least one full-time, full-year worker, but a substantial minority (about two in five) either cannot work full-time, full-year or experience periods of joblessness during the year. And looking across years, more are likely to experience inconsistencies in employment. Indeed, low-income families are particularly vulnerable to economic fluctuations. For example, while 57 percent of one-adult households sustained full-time, full-year work in the economic boom year of 2000, only 50 percent did so in the comparatively slack year of 2003 (Acs, Holzer, and Nichols 2005).

Traditional safety-net programs are designed to provide assistance to those who cannot work for short periods (e.g., Unemployment Insurance [UI] or Temporary Assistance for Needy Families [TANF]) or who are temporarily or permanently disabled (Supplemental Security Income [SSI]). Workers with short job histories and low wages may not qualify for programs like UI that are designed to help them weather short work disruptions. Only 5 percent of all high-work, low-income families and 15 percent of moderate-work families receive cash assistance from TANF. And just about 6 percent of these families receive assistance for disabled families (SSI).

Public programs that provide in-kind assistance are somewhat more common among low-income working families than cash assistance programs. Some of these programs, like food stamps, are virtually equivalent to cash. One in 5 low-income, high-work families receives food stamps, just under 1 in 10 receives housing assistance, and just over 1 in 10 participates in government-sponsored health insurance programs (e.g., Medicaid and the State Children's Health Insurance Program). Moderate-work, low-income families rely on these in-kind programs more than high-work families; their participation rates are roughly double those of high-work, low-income families.

As one can imagine, with incomes around \$25,000, these families live on tight budgets. Nevertheless, after assessing the typical spending patterns of low-income families, the average low-income working family has income roughly in line with its expenses. For example, Acs and Nichols (2005) combine self-reported information on the amount of money families spend on housing, child care, and out-of-pocket health care from the 2002 round of the National Survey of America's Families (NSAF) and data on family spending on other items like clothing from the Consumer Expenditure Survey (CEX) and find that in the absence of any unexpected expenses, the income of the average low-income family with a full-time, full-year worker is roughly in line with its expenses in any given year. Keep in mind, however, that even if the incomes of low-income families can, on average, cover their expenses, it is unclear that their expenditures are sufficient to purchase goods and services of "adequate" quality.⁸

There is significant incidence of material hardship among low-income working families. Approximately 27 percent of high-work, low-income families are food insecure (meaning they worry about or have had trouble affording food or have not had enough money to buy food when needed) and 27 percent are also housing insecure (meaning they have trouble paying the rent or mortgage), according to Acs and Loprest (2005). More than 1 in 3 low-income families are also very likely to lack health insurance coverage (35.9 percent), and nearly 1 in 10 are likely to put off needed medical care (8.7 percent). These data suggest that some low-income working families may achieve the balance in expenditures and incomes at the cost of trimming expenditures that other families would see as nondiscretionary. Further, some families may be financing their consumption by going deeper and deeper into debt.

Low-Wage Jobs and the Economy

The wages earned by the heads of low-income working families are lower than those of the heads of moderate-income families. The median wage for working moderate-income families (income between 200 and 300 percent of the poverty threshold) is about \$14 an hour (Acs and Nichols 2005); thus, the head of a moderate-income working family earns over 50 percent more per hour, on average, than the head of a low-income working family. Starting with an average wage of \$9 an hour and enjoying 4 percent real annual wage growth, it would take about 11 years for the head of a low-income working family to reach the average hourly wage of the working head of a moderate-income family. This significant wage differential exists for many reasons: low-wage workers have less education, are younger, are more likely to be foreign-born and of a minority race/ethnicity, are in poorer health, and are more likely to have a child with a disabling condition.

Beyond wages, the jobs held by the heads of low-income working families also offer fewer benefits than jobs held by the heads of moderate-income families. Among heads of low-income families that are working full-time, full-year (high-work), only 49 percent have employer-sponsored insurance, compared with 77 percent of high-work, moderate-income families (Acs and Loprest 2005). Most full-time, full-year workers have at least one day of paid sick or vacation leave, but the proportion is smaller than among moderate-income working heads (76 percent compared with 87 percent). And about a quarter of these high-work employees with some paid leave in low-income families have five or fewer days of paid leave per year. Thus the gap in compensation between low-income and moderate-income working families is even larger than the difference in their average wage rates suggests.

The existence of low-wage jobs in the U.S. economy reflects the confluence of many economic forces. These include globalization and trade, with American workers competing with an abundance of low-cost labor abroad; technological changes that allow one high-skilled worker to do work that would

have required many lower-skilled workers in the past, thereby creating a relatively higher supply of less-skilled labor; trends in immigration that also increase the supply of less-skilled workers; and other factors. Against these economic forces, attempting to transform low-wage jobs to high-wage jobs is a daunting task.

About a quarter of all jobs in the United States pay \$9 an hour or less. If the sole source of income for a family with children comes from a single full-time, full-year worker earning \$9 an hour, the family will be in a precarious position. But the vast majority of low-wage jobs are not held by adults who are the primary breadwinners in families with children.⁹ Indeed, the typical worker earning \$9 an hour is a secondary or tertiary worker, and the supplemental income, when combined with the primary worker's earnings, can move a family up the economic ladder and into the middle class or higher. Many low-wage jobs are also held by young single adults and teenagers who are beginning to build valuable labor market experience.

Thus, low-wage jobs, in and of themselves, play an important role in the economy: they offer important labor market experience to new workers that will help them advance to higher-wage jobs as they gain skills, and they provide supplemental income to families that would be low-income if not for the work of a secondary earner. Therefore, it is important to focus on low-income working *families* rather than simply low-wage workers, and to find ways to enhance their material well-being and upward mobility. Further, it will be important to identify ways to “improve” low-wage jobs along dimensions that are valuable to workers and their families, while being cognizant of the costs to employers.

Children in Low-Income Families

Compared with children in higher-income families, children in low-income families are more likely to experience developmental delays and poor health conditions, and to live in more troubled home environments, all of which can hinder their well-being and developmental outcomes. Low-income children are more than twice as likely as better-off children to be in poor or fair health, and twice as likely to live with parents with poor mental health (Macomber 2006; Vandivere, Gallagher, and Moore 2004). Young children (age 1 to 5) in low-income families are twice as likely to be read to infrequently and less likely to be taken on daily outings than their counterparts in families with incomes above 200 percent of the poverty threshold. Further, they are more likely to have low levels of school engagement, to have emotional and behavioral problems, and to live in stressful home environments (The Urban Institute 2005). In addition, 10 percent of low-income children are likely to experience substantial turbulence (such as multiple changes in residence, schools or parental employment in a single year). This is more than double the 4 percent rate for higher-income children (Moore, Vandivere, and Ehrle 2000).

These differences in child well-being across income levels do not take into account differences in parental work effort. However, research on the relationship between parental (particularly maternal) work and child well-being finds little evidence that parental work in general adversely influences children (e.g., Han, Waldfogel, and Brooks-Gunn 2001). Rather, work at key times, such as the first year of a child's life, and work-related difficulties, such as inadequate child care (e.g., Dunifon, Kalil, and Bajracharya 2005), irregular work schedules (e.g., Han 2005), and long commutes (e.g., Dunifon et al. 2005), present obstacles for healthy child development. And of course, these issues are more prevalent among low-wage jobs—the very jobs held by low-income working parents.

Overview of the Proposed Framework and Goals for Public Policy Supports to Low-Income Working Families

Our approach to building a policy framework that meets the needs of low-income working families is rooted in knowledge of the diversity of the families themselves. It goes beyond narrower approaches based on specific programs or funding streams and encompasses what the programs should be trying to do for low-income adults and children. It can help policymakers and others to keep the needs of *both* adults and children clearly in their sights, and to think deeply about how to balance their needs within the context of a work-based system.

This framework for conceptualizing a “new safety net” focuses on a set of five central goals for policy intervention that flow directly from the context of these families and their circumstances. These families are mostly working; they have limited earnings and experience significant job instability, with limited opportunities for advancement; the nature of their jobs makes it very difficult for them to balance their parenting with their work; and their children often have greater developmental, health, and other needs that go unmet. We now delineate the key goals for improving these families’ circumstances and opportunities.

Goal 1: Make Work Pay, Enabling Parents to Meet Their Families’ Needs through Earnings from Low-Wage Jobs

The first goal, ensuring the economic security of families while the parents work in low-wage jobs, follows from the central point above that the majority of low-income families are working and earn low wages, and most can expect to be low-wage earners for some time. Therefore, though they are working, they struggle to make ends meet. A fundamental contention of the welfare reform law in 1996 was that parents should work for their families’ livelihood, and in doing so they should be better off economically, and not have to sacrifice their children’s well-being. This is a basic value that recent public opinion polls suggest remains strong (Global Strategy Group, LLC 2006).

But even after the expansion in the 1990s of work-support programs such as the EITC, child care subsidies, public health insurance, and food stamps, many low-income working parents still struggle to pay their bills and meet their family’s basic costs of living (Acs and Nichols 2005). A key goal for a new safety net should be to make sure that parents who work regularly in low-wage jobs are able to pay their rent or mortgage, cover their utility bills, buy their family’s food, and afford their family’s basic needs.

Goal 2: Enable Families to Weather Gaps in Employment

Low-wage work is often associated with job uncertainties and unpredicted spells of unemployment. While low-wage jobs may be insecure, families cannot afford interruptions in their basic ability to provide for their children during their growing years, even when there may be unforeseen interruptions in employment. The main program intended to cover gaps in employment for regular workers—UI—is fraying severely in its coverage of the whole workforce. It appears to be particularly uncertain for low-wage workers and low-income families. Some of these families may turn to traditional safety-net programs (such as TANF), but these programs have become increasingly hard to access and may be time limited. Therefore, the second key goal is to help low-income working parents make it through temporary gaps in employment with greater security, avoiding crises such as eviction that can make reemployment even harder and can create even greater instability for their families beyond the loss of earnings.

Goal 3: Support Parents' Advancement to Better-Paying Jobs

Even parents in high-work, low-income families earn low wages, as noted above. While researchers may differ in their analyses of the reasons behind these wage levels and therefore in their preferred solutions, many would agree that some combination of the parents' own skills and education levels, individual employer practices (such as training opportunities or career ladders at the workplace), and the broader context of globalization all play a part in advancement or the lack of advancement.

Therefore, a third central goal is to help low-wage working parents move up to better jobs. For an agenda focused on families, the approaches to advancement will need to be tailored to low-wage workers who are also parents and therefore are juggling multiple responsibilities. This can provide them with better avenues for supporting their families through their earnings, and allow them to see the rewards from work increase with increased work effort.

Goal 4: Enable Parents to Combine Work and Child-Rearing, Supporting Their Employment Retention and Steadier Work Patterns

The new safety net we seek to design is focused on families, and by definition, the adults within them must simultaneously balance their roles as parents and workers. Combining work and child-rearing poses obstacles not only to employment retention and advancement on the job but also to child and family well-being. Most parents experience these obstacles—often labeled as work-family challenges—but they can be far more extreme for low-wage workers. These workers generally have the fewest personal resources to manage the balance and the fewest benefits and least flexibility at work. Low-wage employment often entails a lack of control over work schedules and little paid leave, as well as schedules that may change daily or weekly. These constraints pose major challenges to the availability and quality of child care and early education arrangements and to parents' ability to be available to their children for their needs, such as school-related activities or caring for them when they are ill. The fourth goal for the framework therefore is to identify policies to enable low-income parents to balance raising thriving children with steady employment, attending to both their own work obligations and their children's well-being.

Goal 5: Improve Children's Well-Being and Development Consistent with Parents' Employment

Related to the fourth goal, but more fully focused on child outcomes in low-income working families, is the improvement of children's developmental opportunities and well-being. As discussed above, we know that on a great many early outcomes associated with future life chances, children in low-income families fare more poorly than their better-off peers. Improving low-income children's health, well-being, and development—and beginning to reduce the large and persistent educational gaps between lower- and higher-income children—represents an unfulfilled promise of welfare reform and is a final key goal of the agenda for a new safety net for low-income families.

Improvements in children's development could pay off in the next generation, extending the reach of the agenda beyond today's families. The evidence suggests expanded and intensive investments of programs that we know work, such as supports for parents of young infants, high-quality early childhood education, and special attention not only to infants but also to adolescents, who in some welfare reform studies appear to suffer when their low-income parents work long hours.

This paper identifies critical unmet family needs and current program gaps within each of these key goals. It suggests the need for multiple policy levers and leaves open the possibility of addressing them through a combination of policy approaches. These could include different types of public-sector strategies (such as direct public funding or services, public incentives to encourage private provision, federal or state tax expenditures, and regulation), as well as other mixes of public and private strategies. It also allows for approaches of varying magnitudes—policymakers may focus on a particular goal or multiple goals seen as most important in their jurisdiction, they may seek one or two major approaches that have the greatest potential to address multiple key goals, or they may attempt smaller, incremental responses for each goal. The next section explores the existing policies and programs within each goal area in greater detail.

Current Policies with Implications for the Major Goals

A wide range of current public programs addresses these goals, at least to some extent. Here we flesh out our organizing framework, describing basic elements of the major existing programs that most closely support each goal. We synthesize some of their strengths and gaps, focusing on low-income working parents and their families, and grounding the discussion in the research evidence where feasible.

Table A-1 summarizes additional key data for the main program areas within each goal of the framework. It identifies and summarizes essential data that are usually not put together in this way, but are necessary to think about how these programs can support low-income working families, and where these programs leave important gaps in what families really need. It also highlights how and by whom these programs are funded and administered—critical information when thinking about how best to address important gaps. We attempt to group key policies where they are most relevant to a specific goal, but in many cases, programs and interventions address multiple goals, and we note many of these links.

Goal 1: Make Work Pay, Enabling Parents to Meet Their Families' Needs through Earnings from Low-Wage Jobs

A fundamental premise of welfare reform in the mid-1990s was that people who work hard and “play by the rules” should not be poor. Nonetheless, a decade later, many working low-income parents are struggling to make ends meet and take care of their families. This is mainly because of the low wages their jobs pay and the limited benefits they carry, but families can also require assistance with their economic security for such reasons as changes in their family structure or their health status. As table A-1 illustrates, some large programs under Goal 1 are federal or have shared federal-state responsibility, and they cover a large number of people. But many low-income families are not covered by many of these programs, and some programs are not designed to help working families.

Goal 1 seeks ways to support parents who work in low-wage jobs, supplementing their incomes and providing benefits that low-wage jobs often lack or whose price put them beyond the reach of low-income families. The main programs include income supports and wage regulations, such as the EITC and minimum- and living-wage laws. Another important group are in-kind means-tested programs that are not necessarily designed for workers but provide some support to workers in low-paying jobs. These include public health insurance, specifically Medicaid and SCHIP, as well as food stamps, housing subsidies, child care subsidies, and TANF.

Public investments in these work-support programs contributed to the major increase in employment among single parents during the 1990s. An Urban Institute analysis of four key work support programs—the EITC, food stamps, child care, and Medicaid/State Children’s Health Insurance Program (SCHIP)—found that spending on these four core programs increased in real terms by 27 percent between 1996 and 2002, reaching \$131 billion in federal and state spending in 2002. Expansions of Medicaid and SCHIP coverage and higher medical costs associated with coverage accounted for the lion’s share—\$22 billion, or 48 percent—of the spending increase. Spending on child care subsidies also tripled over this period, from \$4 billion in 1996 to \$12 billion in 2002 (Zedlewski et al. 2006).

But significant gaps remain. Despite this increase, the analysis also found that one-third of low-income families receive none of the three nontax benefits (Medicaid, food stamps, or child care subsidies), one-third receive just one benefit, and only 5 percent report receiving all three. Programs analyzed individually have also shown strengths and weaknesses in their ability to assist low-income working families. Recipients of specific benefits can face high “marginal tax rates” because of steep slopes or cliffs in the income eligibility standards for many programs, meaning that as they make gains in earned income, they can lose prior supports such as health insurance coverage or child care vouchers.

Earned income tax credits

The federal EITC supplements the incomes of low-income working families and is the benefit they most frequently receive. About 22 million families benefited from it in 2005, with 75 to 85 percent of eligible tax filers claiming the credit. In 2005, the total amount of the credit (or forgone taxes) was \$41.5 billion. The largest benefit goes to families with the least earnings, providing as much as a 40 percent wage supplement on the earnings of a full-time minimum-wage worker with two children. Married-parent families with two children earning between \$11,340 and \$16,810 in 2006 receive the maximum credit of \$4,536 (with a maximum credit of \$2,747 for families with one child). The credit then phases out, and a married-parent family with two children no longer qualifies for the EITC once its earnings exceed \$38,348 (Maag 2006). Eighteen states and the District of Columbia (and some localities) had also enacted state earned income tax credits as of January 2006, largely modeled on the federal EITC (Nagle and Johnson 2006).

Additional tax credits

Low-income working families can also benefit from the child tax credit. Unlike the EITC, however, it is only partially refundable, so low-income families without tax liabilities effectively receive less of a net benefit than other families.¹⁰ Some low-income working families that pay for child care can also receive tax credits that cover up to 35 percent of their expenses through the child and dependent care tax credit (CDCTC). The maximum credit is \$3,000 for one child and \$6,000 for two children. The CDCTC is not refundable and can only be used to offset taxes owed. In 2005, families need to earn at least \$23,700 (and to pay for child care) to receive any benefit from the CDCTC, leaving out the lowest income working families.

Wage-related regulations

The federal minimum wage saw a significant increase in the 1990s. But now—at \$5.15 an hour—it has fallen behind inflation, receding to its lowest level in real terms since 1955 (EPI 2007). The vast majority of workers (over 130 million) is legally covered by the federal minimum, while an estimated 409,000 workers currently earn the minimum wage.¹¹ Twenty-nine states have set minimum wages above the federal level, reaching a high of \$7.93 in Washington State, with some of these wages indexed for inflation.¹²

Living-wage ordinances are typically local initiatives that require businesses with over a specified number of employees that work on contracts for city or county governments to pay their workers a minimum wage higher than the state or federal minimum wage. In 2001, over 70 jurisdictions had living-wage ordinances in place (EPI 2001).¹³ Because they only apply to a limited number of employers and their workers, they do not have large direct consequences for most low-income working families even in jurisdictions that have them.

Public health insurance

As noted above, only about half of low-income families that are working full-time all year have access to employer-sponsored insurance. Many employers of low-wage workers do not offer health insurance, and when they do, the cost of premiums and deductibles is often excessive for these workers. SCHIP and Medicaid provide public health insurance to some low-income working families, compensating at least in part for those lacking employer-sponsored insurance. Over 42 million low-income adults and children were covered by Medicaid in June 2005, and the same month about 4 million children were covered by SCHIP (KCMU 2006b, 2006c). Nonetheless, both programs have significant gaps, and participation of Medicaid- and SCHIP-eligible children varies widely across states and subgroups.

Both programs are jointly funded by the federal and state governments, and states have considerable discretion in determining program eligibility standards and services. SCHIP generally covers low-income children who are above Medicaid's income eligibility thresholds, and some parents in certain states. However, given that Medicaid phases out completely for adults at relatively low income levels, it excludes most working parents, and a recent Urban Institute analysis estimated that close to 2 million children are eligible for SCHIP but remain unenrolled (Kenney and Cook 2007).

Housing assistance

The cost of housing represents a large and growing proportion of the budgets of low-income families. As of 2004, almost 16 million households spent more than 30 percent of their income each month on housing costs, a burden defined as unaffordable by federal standards (Katz and Turner forthcoming).¹⁴ The annual incomes of almost two-thirds of these renters were below \$20,000.

About 2.1 million households receive federal Section 8 housing vouchers. Households with incomes less than 80 percent of the area median income are eligible under federal guidelines, with some further income targeting. Federal rental housing assistance typically focuses on the lowest income families, regardless of their work status, and most eligible households do not receive housing assistance (Turner and Kaye cited in Golden 2005; Loprest and Zedlewski 2006). A lack of program funds limits assistance to between one-quarter and one-third of those eligible, and as noted earlier, less than 10 percent of high-work, low-income families receive housing assistance.

Food stamps

By 2006, about 26.7 million people received food stamps, though their use by low-income working families (as opposed to other low-income families) is limited. About 20 percent of high-work, low-income families receive food stamps, and about 40 percent of moderate-work, low-income families do. While recent changes in federal rules to simplify program requirements appear to have increased participation by some families (generally those with some welfare experience and those participating in other federal food assistance or housing programs), these changes have not reached low-income families outside these public systems, suggesting that the program is not serving low-income working families to the

extent possible. Although this group of nonparticipants is less economically disadvantaged, they are still extremely disadvantaged relative to all families with children. Use of food stamps, even for a short period, could significantly improve their ability to meet their family needs (Zedlewski with Rader 2004).

Child care subsidies

The federal-state child care subsidy system is discussed in greater detail below under the fourth goal (enabling parents to combine work and child-rearing). However, it is worth emphasizing that subsidies can provide useful income support to working parents who must pay for child care in order to work. The cost of child care is very high relative to low-income workers' earnings, and access to subsidies for eligible families is limited. In 2002, low-income families nationwide that worked regularly and paid for child care spent \$3,135 per year on average, or 12 percent of their income (Acs and Nichols 2005). The 1999 NSAF found that only about 21 percent of low-income working families received help paying for care from any source—government or other entities (Golden 2005).

Temporary Assistance for Needy Families

The TANF program is not intended to address the long-term economic security of low-income working families, and it provides limited assistance to a modest proportion of these parents and children (between 5 and 15 percent of high- and moderate-work, low-income families, as noted earlier). It is instead a complex mix of strategies to provide temporary income support, move some poor and low-income parents into work, and direct some others into long-term disability benefits.¹⁵

Goal 2: Enable Families to Weather Gaps in Employment

Many families experience times when at least one parent is between jobs for reasons such as layoffs or the temporary inability to work. As “The Context” section discusses, these gaps are more likely to affect workers in low-wage jobs than others. Depending on the reasons for their break in employment, these families may draw on non-means-tested programs such as UI, temporary disability insurance (TDI), or workers' compensation, or they may rely on private resources such as savings or investments. Or, if unemployment reduces their income and resources sufficiently, they may be able to draw on means-tested benefits such as TANF or food stamps.

But the options for low-income families weathering employment gaps generally tend to be far more restricted than those for higher-income families. In addition, low-income families often lack private assets to help them get through hard times on their own. Although some public insurance programs serve a significant number of people, specific information about the participation of low-income working families is limited. But we do know that UI and other programs often leave out lower-wage working people whose work histories are too limited to qualify for coverage. We also know that these programs tend to be characterized by a limited federal role, and that while the design of programs and funding are led by the states, there is a high level of state variation (more so than for the programs under Goal 1). In addition, states use a wide range of mechanisms, including employer-funded trust funds (in the case of UI), mandates on employers (workers' compensation), and employee-funded trust funds (some TDI systems).

This section summarizes the main existing programs to help working families weather gaps in employment, including UI, workers' compensation, TDI, and the limited programs that provide some paid family leave. It also briefly explores asset development programs for low-income people.

Unemployment insurance

The federal-state UI program provides temporary and partial replacement of lost wages for qualified “able and available” workers who become unemployed, typically through no fault of their own. It is jointly funded through a state payroll tax on employers into self-financing trust funds (that pay for benefits) and a federal payroll tax on the first \$7,000 of workers’ annual earnings (that funds UI program administration and other purposes). But its reach is limited, especially for low-wage workers. Only about one-third of those who were unemployed in a given week nationwide in 2004 actually received unemployment insurance. Eligibility standards are set by the states, which require certain prior earnings and work hours during a prescribed “base period.” The “reciency rate”—the proportion of the unemployed that receives benefits—varies widely by state, ranging from 16 to 57 percent (Vroman 2005).¹⁶ Low-wage workers are less likely than higher-wage ones to receive unemployment compensation; they are less likely to meet state eligibility requirements, which are based on past work hours and earnings during the base period, and the reasons for job loss.¹⁷ State benefit levels are also fairly low, generally replacing 50 to 55 percent of a worker’s past earnings, subject to a weekly maximum. In addition, beneficiaries are typically limited to 26 weeks of assistance. While the average time “in benefit status” was 16 weeks for those who collected UI in 2004, about 40 percent actually exhausted their maximum allotment of benefits (between 2002 and 2004), indicating the limitations of the program (Vroman 2005).

Workers’ compensation

Workers’ compensation is a state-based system to provide medical or cash benefits for employees’ illnesses or injuries incurred as a result of their employment, in the form of a mandate on employers. All states except Texas require employers to provide workers’ compensation insurance coverage for their employees, and the federal government covers federal workers and certain others (Sengupta, Reno, and Burton 2006). Most private employees—an estimated 126 million workers—are covered by workers’ compensation, though some states exempt categories of workers such as those in very small firms or household employees. In 2004, 1.3 million workplace injuries or illnesses were covered, though data is lacking on the number of recipients or their income level or other characteristics. The program is large: in 2004, \$56 billion in benefits was paid out at the state and federal level. While some workers are also covered by TDI or paid sick leave, it is estimated that about 30 percent of workers have no income protection other than workers’ compensation when they are temporarily incapacitated (Sengupta et al. 2006).¹⁸

Temporary Disability Insurance

TDI programs can also provide partial replacement of lost wages for some workers, including parents taking time off at the birth of a child or for other temporary conditions. Five states (California, Hawaii, New Jersey, New York, and Rhode Island) and Puerto Rico have programs. State programs vary somewhat in groups covered—they generally exclude domestic workers and the self-employed (Social Security Administration n.d.). They are funded through payroll taxes on employees or on both employers and employees.

Like UI, TDI programs relate eligibility to past work, and weekly benefits to previous earnings. They may also disproportionately exclude low-wage workers who tend to have shorter job tenures. TDI programs generally replace about half of wages for a limited time, ranging from a maximum of 26 to 52 weeks, depending on the state. TDI does not guarantee that a worker’s job will be protected, although other state or federal laws may. As discussed further under Goal 5, TDI provides some paid leave to mothers at the time of a child’s birth. In the three states for which information was available

(California, New Jersey, and Rhode Island), the program provided benefits for 25 to 38 percent of live births.¹⁹

California's paid family leave

California is the only state with a paid family leave insurance program to provide financial support to workers who take time off to address family needs, as discussed further under Goal 5. The Paid Family Leave Insurance Program is a component of the state's TDI program and is also known as Family Temporary Disability Insurance. It provides up to six weeks a year of wage replacement (at about 55 percent) for a worker to bond with a child at birth, adoption, or foster care placement, or for the care of a seriously ill family member. The program was implemented in 2004. It is funded through a payroll tax on employees; the average length of paid leaves in the first year was 4.8 weeks (Shulkin and Corday 2005).²⁰ In 2006, about 170,000 initial claims were filed, and benefits cost a total of about \$367 million.²¹

Asset development

Asset accumulation and maintenance is typically outside the purview of direct government programs for low-income working families, with some exceptions, including the limited federal Individual Development Account (IDA) programs and provisions within the tax system (which typically benefit higher-income people [Corporation for Enterprise Development 2004]). The main IDA initiative is the Assets for Independence (AFI) program, which Congress established in 1998 in response to concerns that poor and low-income people face significant barriers to asset accumulation—and could benefit from the protections assets can provide. It provides funds for IDA demonstration projects; participants must be eligible for TANF or the EITC, or must have incomes below 200 percent of the federal poverty level. The program is modest, however: by 2006, there were about 35,000 IDA accounts through the AFI program.

Goal 3: Support Parents' Advancement to Better Paying Jobs

Low-income working parents can also be assisted to gain skills in order to advance to better and better-paying jobs. In recent years, the federal government, states, localities, employers, and other private organizations have taken various approaches to advancement for low-wage workers. However, as table A-1 indicates, the amount of overall funding dedicated to training and advancement initiatives for these employees has been fairly modest, especially compared with funding for many programs addressing the earlier goals. And the training “system” is generally fragmented, with limited federal investments. Pell grants—provided to individual low-income students, often for attendance at community colleges—are the most sizeable of the federal funding components.

Most current programs support training for a range of individuals. While they can be one source of funding for initiatives targeting low-wage workers, they are not typically dedicated to this purpose. The initiatives that do benefit low-wage workers generally draw on a range of federal, state, local, and private funding sources. This section describes the key systems involved in training low-wage workers and some of the strategies being used. Table A-1 provides additional program information.

Workforce development system

The public workforce development system, authorized by Workforce Investment Act of 1998 (WIA), is designed to provide a seamless one-stop service delivery system of employment assistance for all job seekers, regardless of income, and to all employers. WIA was developed in response to concerns over the

inefficiencies associated with the fragmented patchwork of employment and training programs in the existing workforce development system. The one-stop system provides universal access to “core” employment-related services (such as self-directed and assisted job search services) and “intensive” or “training” services to those unable to obtain employment through core services. Public assistance recipients and other low-income individuals are given priority for intensive and training services in the event of insufficient funding. Workforce development programs typically serve adults, dislocated workers, and youth. WIA is the largest source of federal workforce development funding (\$3.0 billion in 2006), with about 40 percent of the funds for local adult and dislocated worker programs estimated to have been spent on training in 2003 (Rubinstein and Mayo 2006). Local WIA-funded workforce boards were estimated to have trained 416,000 adults in program year 2003, of whom 235,000 were poor adults (the remainder were dislocated workers) (GAO 2005 cited in Osterman 2005).

Community college system

While primarily funded through state and local resources, the nation’s community college system is a vital provider of training for low-income individuals. The approximately 1,200 community colleges in the United States are a significant part of the nation’s training system for adults: the average age of community college students is 29.²² Of all college students in 2000, 30 percent were in community college occupational training programs and another 29 percent were in other community college tracks (Osterman 2005). Some community college systems as well as individual colleges have developed a range of strategies to more effectively address the needs of low-income workers. “Bridge programs” help students connect between basic skills development and entry-level training and jobs by bringing their academic skills up to the level necessary for college-level credit programs or entry-level jobs (Martinson and Holcomb 2006). Some community colleges are redesigning credential programs to make it easier for students to combine work, school, and family by “modularizing” curricula with entry and exit points linked to jobs and further education, and by accelerating programs with flexible night and weekend scheduling.

Educational financial assistance

Financial assistance can be critical to low-income working parents attempting to combine higher education and employment. Federal Pell grants are the main need-based financial aid program to support students at community colleges and other institutions. Over 5.3 million people received Pell grants in fiscal year (FY) 2005 (U.S. Department of Education 2006a), and the program cost the federal government about \$13 billion in FY 2006. Pell grants are guaranteed to all who qualify. About 25 percent of recipients were single parents (in 1999–2000) and about 56 percent reported annual incomes of \$20,000 or less (FY 2003 data from Rubinstein and Mayo 2006). But even with the Pell grant system, significant gaps remain; the average unmet need for Pell recipients at community colleges was over \$3,000 in 2002 (King 2003 cited in Martinson and Holcomb 2006). Further, few working students who are enrolled less than half time—as parents often are—receive federal or state aid, even though they may be eligible. Several state initiatives have sought to expand access to financial assistance for non-traditional students, including those who are working (Martinson and Holcomb 2006).

Adult basic education system

The main federal funding stream for adult basic education and literacy is the Adult Education and Family Literacy Act, or AEFLA (Title II of WIA). The funding is state-administered, and it benefited about 2.8 million people in program year 2002 (Rubinstein and Mayo 2006). People over age 16 who are not attending high school, and are not required to, and those who lack a high school diploma or

its equivalent are eligible. About 42 percent of recipients were not working in 2002. The states also provide significant funds for adult basic education services: federal AEFLA funds (about \$586 million) constituted only 25 percent of total state and local adult education and literacy spending in FY 2006.

Employer-based strategies

Incumbent worker training programs. Most states operate incumbent worker training programs, which involve workplace-based training for existing or new workers, usually within a single business, and usually focused on a specific job type (Martinson and Holcomb 2006; GAO 2005). They are often state-administered and funded by UI taxes or other employer taxes (this is the case in about half of states), and they provide grants to businesses to offer job-specific training through partnerships with training providers. The research suggests that employees who receive workplace-based education and training earn significantly higher wages than those who do not: the wage rate benefit of 40 hours of workplace education is estimated to be 8 percent, as large as the return from a whole year of schooling. However, there is considerable evidence that training within private firms is often biased away from low-skilled workers (Osterman 2005). In 1995, 22 percent of those at the bottom of the earnings distribution received training at work in contrast to 40 percent of those at the top who did (Martinson and Holcomb 2006). While many states' incumbent worker training programs serve a broad range of income levels, a few initiatives include features specifically designed to meet the needs of low-wage workers.

Sectoral approaches. There has also been growing interest in employer-based sectoral approaches to worker training. The goal is to provide skill training directly targeted to employer needs, grouping together employers within an industry rather than simply one business, and often working with an intermediary (such as a community college, union, or nonprofit organizations) and other public and private partners. Key elements can include linking training to specific jobs; improving job quality through industry changes in hiring, training, promotion, and compensation policies; and providing support services and career counseling. Structured career ladders are a subset of these sectoral initiatives and include a set of connected courses and programs with extensive supports for students. Several states are developing innovative statewide initiatives that provide grants for partnerships of training providers (typically community colleges), employers, and public-sector agencies to develop career pathways that meet industry needs (Martinson and Holcomb 2006).

Goal 4: Enable Parents to Combine Work and Child-Rearing, Supporting Their Employment Retention and Steadier Work Patterns

To fulfill their responsibilities as breadwinners and nurturers, parents must have safe places they can trust and rely on for their children to be while they are working—for the hours that parents work for preschool-age children, and for the portion of those hours not covered by school for school-age children. Parents often must turn to nonparental caregivers to provide this care.

To make and pay for these arrangements, parents must often find their way by themselves. Relative to other nations with advanced economies, the United States has a comparatively limited public-sector role in establishing policies to assist working parents to reconcile employment and their child-rearing responsibilities (see Heymann, Earle, and Hayes 2007 on a range of policies). Such policies include subsidized child care of adequate quality for both preschool- and school-age children that is readily available during parents' work hours, paid sick leave or other paid time off to address short-term family needs (including engagement in children's academic activities), and workplace flexibility. There has also been a relatively small employer role in providing or facilitating child care for low-wage employees.²³

In the United States, the federal-state child care subsidy system is the main existing public policy lever, although unpaid leave through the federal Family and Medical Leave Act (FMLA) can provide greater flexibility for some working parents to attend to family needs. Otherwise, as table A-1 suggests, work-family supports are limited, partially funded, and largely left to the states, localities, and individual employers.

Child care subsidies

In addition to its role in making work pay (Goal 1), child care is especially important to struggling families because it can have a two-generational effect: it enables parents to balance their employment and parenting responsibilities and thus work more steadily (Goal 4) and, if the investments are in high-quality and stable care, it improves children's development (as also discussed under Goal 5). The 2002 NSAF found that almost 60 percent of all children under age 6 in low-income families were in early care arrangements on a regular basis, and almost a quarter of these children under 6 were in care 35 hours a week or longer (Zaslow et al. 2006).

The cost, availability, and quality of child care are serious challenges for low-income families. Subsidized child care for low-income families is largely funded through the federal-state Child Care and Development Fund (CCDF), which typically provides vouchers or other subsidies to low-income working families that can be used for any legal provider (regulated or not) for the care of children under age 13 during their parents' work hours.²⁴ Parents in most cases pay a sliding scale fee for a portion of the cost of care (Adams, Tout, and Zaslow forthcoming).

In 2005, about 1.78 million children were in subsidized care each month, out of an estimated population of 17 million children under age 13. Subsidy spending increased dramatically after welfare reform, tripling from about \$4 billion to \$12 billion between 1996 and 2002 and remaining at about this level thereafter.²⁵ But the funds have not been sufficient to serve the majority of eligible low-income families.²⁶ The voucher-based system is also not designed to ensure that children are getting good-quality care (Adams and Rohacek 2002). Research shows that the existing child care market does not on average provide care that meets children's developmental needs and that the quality is on average worse for low-income children. Further, some studies suggest that the quality of care may be of even greater importance to children at risk of poorer developmental outcomes (Adams et al. forthcoming).

Finally, the subsidy system can be a very inconsistent support for working families. Because subsidies are often tightly tied to strict eligibility criteria, fluctuations in parents' circumstances, such as job loss, can result in the loss of the subsidy (Adams, Snyder, and Sandfort 2002). Enormous variation in state and local policies and practices can also affect parents' ability to get and keep subsidies (Adams et al. 2002; Snyder, Banghart, and Adams 2006). In addition, both the child care market and the subsidy system do not function well for parents who are employed nonstandard hours or work changing shifts, making it much harder for them to find and maintain affordable, safe, and reliable child care (Snyder et al. 2006).

Out-of-school-time care

A critical support to parents of school-age children are programs that offer care and supervision during out-of-school hours when parents work.²⁷ Limited evidence exists on the demand for and use of out-of-school care, but what we do know suggests that the number of school-based programs has increased markedly in recent years (Waldfogel 2006; HHS, ACF 2004). Public funding for school-age care is still limited, however, and comes from a fragmented array of sources, including the federal CCDF

(about one-third of children it serves are age 6–13); the U.S. Department of Education’s 21st Century Community Learning Centers (funded at about \$981 million in FY 2006); and various other federal, state, local, and private sources.²⁸ However, low-income families in particular have restricted care options, and those that do exist tend to be costly, may be in inconvenient nonschool locations, and are often of low to mediocre quality (Heymann 2000; Waldfogel 2006). Many children, including those under age 13, are in self-care during the school year, and self-care appears to increase during the summer months.²⁹

Paid sick leave/paid time off

There is also no federal requirement that employees at any income level be provided with paid time off, such as sick leave or annual leave.³⁰ Like all parents, low-income working parents sometimes need to take time off from work for their own illnesses or routine medical care, for the care of their children, or for engagement in children’s school-related activities. However, these parents are significantly less likely than higher-income workers to have jobs that provide paid sick leave or other paid time off. At the same time, children in low-income families are more likely to have health, developmental, or other conditions that require visits to health or other professionals or greater parental school involvement (Heymann 2000; Heymann et al. 2007). 2002 NSAF data indicate that only 46 percent of working parents with incomes below FPL and 61 percent of those with incomes between 100 and 200 percent of FPL had access to paid leave of any type, while 84 percent of those at 200 percent or more of FPL did (Ross Philips 2004). About one-quarter of high-work (roughly full-time, full-year), low-income families and one half of moderate-work, low-income families had no days of paid leave at all, including sick leave (The Urban Institute 2005). Lower-income workers who do have leave benefits also receive significantly smaller amounts of paid leave than higher-income workers. The need for parental time to care for children with health conditions is supported by research indicating that sick children recover more quickly when cared for by their parents (Heymann 2000).

Workplace flexibility

Flexibility at work to change start or end times, to take time out during the day for children’s school activities or other obligations, or to otherwise adjust work hours can also help parents balance their responsibilities to their employers and their families. The availability of flexible work schedules for American workers is also limited, although there is growing attention to the need for parents.³¹ In one national survey, 57 percent of workers indicated in 2002 they did not have access to traditional flextime—the ability to set alternative start or quit times within a range (Bond, Galinsky, and Hill 2004). Low-income workers are significantly less likely than higher-income to have access to workplace flexibility, which tends to be concentrated in larger and more profitable organizations, and limited to professional and managerial staff (WFD Consulting 2006; Golden 2000 cited in Levin-Epstein 2006).

Another potential source of workplace flexibility and support for juggling work and family responsibilities is the FMLA. The 1993 law provides access to a maximum of 12 weeks of unpaid job-protected leave within a 12-month period to workers in organizations with at least 50 employees (thus covering about half of U.S. workers) who meet certain eligibility requirements. The leave is intended for the care of a newborn, adopted, or foster child, or for the care of a seriously ill family member (Waldfogel 2001; Ross Phillips 2004). But similar to other policies providing greater support for work-family balance, it is less accessible to low-income workers. According to a Department of Labor survey of employees and employers conducted in 2000, over half of those who took leave said they worried about not having enough money for bills, and “a substantial share” of those who said they needed but did not take leave did so because they could not afford it (Waldfogel 2001).

Goal 5: Improve Children’s Well-Being and Development Consistent with Parents’ Employment

Many policies discussed in this paper can aid parents in balancing work and child-rearing and can have an important impact on the positive development of children. Given the essential importance of children’s development, it is critical to have a child-focused vantage point when setting an agenda for low-income working families, and determining the programs and policies that can best support children’s growth through particular developmental stages. As the earlier section on context notes, research indicates a continuing and persistent gap in the well-being and development of low-income children when compared to middle-income children. The reasons for these gaps in development and well-being can be complex. But a more aggressive and successful strategy to address them while at the same time supporting parents’ need to work can be built on what we already know about how children develop into healthy adults.

Because the bulk of the evidence suggests that parents with sufficient support—such as good child care and health insurance—can both work and raise thriving children, we take this goal to be advancing children’s development in ways that are consistent with parents’ work and do not in general entail reducing work. However, the evidence does suggest some limited times in a child’s life—most notably early infancy—when parental work should temporarily come second and low-income parents, like higher-income parents, should have the chance to focus on their new baby for some time (Ehrle, Adams, and Tout 2001). The evidence also suggests that by the time children reach age 2 or 3, access to high-quality early educational opportunities can help improve their school outcomes in the later primary grades and reduce the gaps between children from families of lower and higher incomes.

This section and table A-1 outline several key areas that can support working parents and their children’s healthy development. There are many possible approaches to improving child well-being, but this paper focuses on several most closely related to parents’ employment.³² As with Goal 4, the public policies for addressing these priorities are, as a whole, fragmented among the federal, state, and local governments, and funding is often modest when compared with the evidence of need.

Parental leave at the birth of a child

There is now considerable evidence that adequate time for parents and infants to bond is vital to children’s positive development, and that long hours in out-of-home care in early infancy poses risks for children’s development, especially in the low-quality settings to which low-income families often have access (Adams et al. forthcoming; Waldfogel 2006; Shonkoff and Phillips 2000).³³ Internationally, the United States is one of only a handful of countries that does not provide paid time off for parents to care for and bond with a new infant. According to a recent study of 173 nations, only five—the United States, Lesotho, Liberia, Papua New Guinea, and Swaziland—lacked guaranteed paid maternity leave (Heymann et al. 2007). The 2002 NSAF found that access to unpaid *or* paid parental leave at the birth of a child was linked to income. Sixty-seven percent of all working parents at less than 100 percent of FPL said they had access to unpaid or paid maternity or paternity leave; 74 percent of those at 100–200 percent of FPL did; and 82 percent of those at 200 percent or higher of FPL did.³⁴

While the enactment and implementation of the federal 1993 FMLA constituted a significant change in U.S. family leave policy, many working parents remain uncovered or unable to take leave without pay.³⁵ Only about half of private-sector employees were covered by the FMLA in 2000; in particular, those working for small businesses were generally ineligible. Some states provide limited paid leave—as described above, California has established a Paid Family Leave Insurance Program for qualified

workers, and five states and Puerto Rico provide some leave through their TDI programs, covering 25 to 38 percent of live births. There is also some evidence from a study of the Wisconsin welfare system that poor women may leave jobs and rely on the TANF system to provide support at the birth of a child (Levin-Epstein 2006). But by and large, provision of paid leave is left to the discretion of individual employers.

Early education

Initiatives such as the federal Head Start program and state prekindergarten efforts vary widely, but they are mostly targeted to low-income children and to children in the year or two before they enter school. There is evidence that such interventions can be effective: for example, there is significant research finding that Head Start and Early Head Start have had positive impacts on children's development across a range of dimensions (summarized in Adams et al. forthcoming), indicating their potential to reduce the gap between lower- and upper-income children.

However, there are challenges facing this system as well. Current funding levels are insufficient to serve even all low-income 3- and 4-year-old children, and funding and program structures for pre-kindergarten programs vary widely across states (Barnett et al. 2006). While generally these systems are more focused on delivering a good-quality service, and the federal Head Start program has consistent standards, state prekindergarten initiatives differ significantly in the level and quality of the service they are designed to provide. In addition, in most places the Head Start and state pre-K systems are not well-coordinated with the child care subsidy program, even though these programs must share the same dual mission of providing quality care opportunities so parents can work *and* developmental opportunities for children to succeed in school and life. The problem for low-income children is compounded because the early educational opportunities offered in Head Start and pre-K are often offered part-day and part-year and are not designed to meet the needs of working parents (Adams et al. forthcoming). As a result, these programs run the risk of not being easily accessible to low-income working families, whose children are likely to benefit from them the most.

Programs for adolescents

One less-expected result of a number of rigorous welfare evaluations was the finding that some adolescents did less well when their parents moved from welfare to work, experiencing significantly poorer school outcomes (Gennetian et al. 2002). Outcomes for boys and girls were similar, but those for adolescents with younger siblings were markedly worse, possibly because of the effects of additional home responsibilities after their parents moved to low-wage jobs.

Research indicates that programs to address the specific needs of adolescents can effectively aid their transition from childhood to adulthood. One comprehensive review of research on almost 80 programs intended to encourage positive youth development finds that 25 programs showed evidence of effectiveness (Catalano et al. 1998).³⁶ These included community, school, and family-based programs. They sought to strengthen social, emotional, cognitive, and behavioral competencies among youth and, in some cases, their families. Among the key program outcomes were better school attendance and higher academic performance, healthier interactions with peers and adults, better decisionmaking, and less risky sexual behavior and less substance abuse. But even with the recent growth in work hours among low-income parents, including the parents of adolescents, funding for initiatives to address the developmental needs of youth has not expanded in the same way that funding for programs for young and school-age children has (Waldfogel 2006).

Potential New or Noteworthy Approaches to Help Achieve the Major Goals

A range of approaches could be taken to addressing these five major goals. Although low-income working families often share common issues, they are quite a heterogeneous group, and different approaches rooted in their specific needs can assist different families in varying circumstances and at different stages in life. Different approaches are also feasible in different states or localities—or at the national level—at different times or political moments.

To begin to show how this framework might guide the development of a policy agenda to create a new safety net designed to support low-income working families, we selected five initiatives to illustrate possible responses to the key goals. This is not intended to constitute an exhaustive list of current proposals in these areas, or to imply our endorsement of particular initiatives. Nor does it systematically present an option or set of options for each key goal. The Urban Institute hopes in the next year to expand on and deepen the analysis of families' needs in these goal areas, and possible policy responses organized around each goal will be developed as the next step in the Institute's low-income working families agenda. Rather, the goal of this paper is to provide a sense of the array of possibilities for advancing the goals of the framework, individually or in concert with each other.

We start with the policy area that perhaps has generated the greatest public and political attention—efforts to move toward universal health insurance for low-income parents and children. This is followed by initiatives to provide paid parental leave, higher-quality subsidized child care, improved security during gaps in employment, and increased housing assistance leading to improved family opportunity. Table A-2 provides supplemental information on these initiatives.

Ensure Health Coverage for Low-Income Families

Like many possible initiatives currently being debated, this policy direction most strongly addresses Goal 1. Yet it is also important to Goal 5 since health is a critical component of children's development, and to Goal 2 since ensuring health coverage for low-income families—but decoupling it at least in part from employment—could lessen the instability that families experience when there are gaps in parental employment. It could even ease their transitions to new jobs. Many large states have been moving ahead with plans to include greater health insurance coverage of the uninsured as a top priority, including New York and California, which have recently announced ambitious efforts.

In 2006, Massachusetts enacted legislation to provide nearly universal health coverage, aiming to expand affordable health insurance to 95 percent of the state's uninsured—estimated at 530,000 people—by 2009 (McDonough et al. 2006). It established the Commonwealth Care Health Insurance Program (CCHIP) to subsidize uninsured adults with incomes below 300 percent of FPL. Eligible people below the FPL will pay no premiums or deductibles, while those with incomes 100–300 percent of FPL (mostly low-income working families, given the family self-sufficiency costs in a state like Massachusetts) will pay premiums on a sliding scale. It continues provisions to enroll eligible uninsured people in the MassHealth (Medicaid and SCHIP) program and to fund an uncompensated care pool (which will become the Health Safety Net Fund in fall 2007). It also creates a quasi-public entity, the Commonwealth Health Insurance Connector Authority, with the mandate to reduce the health insurance administrative burden for small businesses, assist small employers and individuals to find affordable policies, allow individuals to use pretax dollars to buy insurance and part-time employees to combine contributions to their insurance from multiple employers, and let employees keep their

coverage when they change jobs. An “individual responsibility” mandate requires all adult residents to purchase health care or face income tax penalties.

Employers face several requirements. They must either contribute a “fair and reasonable” amount to their employees’ insurance or make an annual “fair share” contribution to the state for each uncovered full-time-equivalent worker. They must establish cafeteria plans to allow their employees to obtain insurance with pretax dollars through the Connector. And finally, employers of more than 10 workers whose uninsured employees use a disproportionate share of uncompensated care face a “Free Rider Surcharge.”

The legislation also expands and restores MassHealth children’s coverage and benefits, lowers the cost of certain subsidies for adult coverage, and lifts enrollment caps and reinstates benefits for several adult programs cut during the fiscal crisis of 2002–03. The CCHIP component of the plan is expected to cover 150,000 to 200,000 uninsured people by 2009 (with another 50,000 to 90,000 newly enrolled in MassHealth). Funding will come from both existing and new federal and state sources (including federal Medicaid match funds and other sources), as well as from employers. It is estimated that total spending will be \$1.2 billion in FY 2007, rising to about \$1.6 billion in FY 2009. The plan is expected to increase coverage, reduce ethnic disparities in health care, lower insurance premiums, and create more consumer choice in plans (McDonough et al. 2006).

Provide Parents Paid Leave at the Birth of a Child

Another policy change that has been gaining increasing attention in the states, and which cuts across several goals in the framework, is paid parental leave at the birth of a child. This policy direction is most rooted in Goal 5 because of the importance developmental research has placed on parenting in early infancy, but is also critical to Goals 2 and 4. The birth of a child is a time where work is necessarily interrupted, and low-income parents benefit the least from laws allowing unpaid leave or employer policies providing paid maternity leave. They also have the least ability to get by financially without working, particularly during a time of increased family expense. Many proposals aim at providing universal coverage, which is clearly equitable to all families and children but would particularly help children in working families at the bottom of the earnings distribution.

This is an area where state innovation and examples from other counties can provide lessons and models for national action in the future. As noted in the previous section, in 2002 California enacted the nation’s first paid family leave program, providing a state model. The program was implemented in 2004 and is funded through a mandatory payroll tax on all employees of 0.8 percent of wages. It provides up to six weeks a year of partial wage replacement (about 55 percent) for a working parent to bond with a child at birth, adoption, or foster care placement, or for the care of a seriously ill family member. The prior-earnings requirement for eligibility is relatively low—the program mandates that a parent has earned at least \$300 during any quarter in a “base period” of 5 to 17 months before filing a claim—suggesting the program may be relatively accessible to lower-income parents (NPWF 2005).³⁷

In addition, five states, including New Jersey and New York, have provided some paid leave related to pregnancy and childbirth through their temporary disability insurance programs. Paid family leave legislation, in many cases building on existing TDI programs, is also being considered in a number of states, including Illinois, Massachusetts, New Jersey, New York, and Washington. Finally, most other industrialized nations have taken more expansive approaches than that of the United States and may provide models to

work toward—the United Kingdom, for instance, offers working mothers 26 weeks of paid leave, with 90 percent wage replacement for the first six weeks and fixed weekly payment for the remaining time.³⁸

Invest in Children through Child Care Subsidies and Quality Initiatives

Even when a parent's wages are low, she still must pay for her family's basic needs, including housing, food, health care, transportation, and child care costs. Some of these costs are significantly higher for working families, especially child care. Without a subsidy, child care takes a very large bite out of the family budget. Nationally, low-income families who work regularly and pay for child care spend \$3,135 a year on average, or 12 percent of their income (Acs and Nichols 2005). The high cost of care can also lead parents to use cheaper forms of care than they might prefer for their child.

An expansion in child care subsidies would further several goals. Foremost, it would enable parents to work more steadily, helping them balance their work and family obligations with less conflict. If the investments are in high-quality and stable care, they could improve children's development. Finally, these investments help make low-wage work pay better by addressing the expense side of the low-wage household's tight budget.

To achieve these multiple advantages, though, policymakers need to pursue the goals of increased access to child care assistance and high quality at the same time. A greater commitment to child care assistance can come in a few forms, including increased subsidy funding to cover all working families up to certain income levels with state and federal resources, more financial support for quality child care initiatives, and increasing or targeting refundable tax credits for child care expenses toward more low- and moderate-income families.

Since 2001 the federal funding streams for both child care and Head Start have decreased in real terms. In 2004, almost half the states had waiting lists among eligible families for child care subsidies (Edie 2006). Some states (such as Rhode Island and Illinois) have combined their federal CCDF funding with state resources to create a guarantee of child care assistance to eligible families up to a certain income level, usually somewhere between 150 and 225 percent of FPL. However, many of these state efforts began while child care resources were still increasing. Since then, even some states that had expanded to serve more low-income working families who needed support have retreated from some of their commitments.

Most states today neither meet the need nor achieve standard expectations for quality. Several states (for example, North Carolina and Pennsylvania) have recently made efforts to advance quality by establishing quality rating systems that afford parents information on the quality of programs, and by establishing tiered reimbursement systems for subsidized child care that rewards higher-quality programs with increased payments. One potentially positive step is that some states have invested in pre-kindergarten programs intended to provide quality care for 4-year-old children. Unfortunately, most of these programs are part-day and therefore likely to be inaccessible to working families, particularly those with low incomes (Giannarelli, Adelman, and Schmidt 2003).

For the future, the agenda at both the state and the federal levels needs to return to investment in high-quality settings for children that can also support parents' work. The key is complementary investments in child care subsidies, in quality across child care settings so parents can choose from different options, and in work-friendly variants of programs that already have quality standards built into their design, such as Head Start, Early Head Start, and strong state preschool programs. A work-friendly

strategy will also need to invest in high-quality care for children of all ages, not just 4-year-olds, since working parents have even more trouble maneuvering around arrangements that fit just one child and leave out his or her siblings. Trading the goals of parents' work and children's development against each other is short-sighted; ultimately, the nation needs both parents who are able to work regularly and children who are developing on track and able to succeed in school.

Improve Security for Low-Wage Workers through Gaps in Employment

Given the low proportion of unemployed workers who actually receive income support from UI during job losses, and the fact that low-income families are less likely to receive assistance, the unemployment insurance system needs major reform to achieve the agenda's second goal of enabling families to weather gaps in employment. A National Employment Law Project (NELP) proposal would provide greater economic security and other supports for low-wage and other workers, including expansion of the UI program to better cover low-wage and part-time workers who lose their jobs. It builds on state models and expands the federal role in protecting workers against national and global risks to employment (Emsellem 2006).

The NELP proposal is broad-based, addressing Goal 2, but also Goal 1 and Goal 3. In addition to UI expansion, it includes the provision of paid family and medical leave for workers who must take time off for family or health reasons, subsidized health insurance for jobless workers and full coverage to unemployed low-wage workers, mortgage assistance to unemployed homeowners, and subsidized state funds to increase education and training options.³⁹ It could be funded by a combination of taxes from workers, federal contributions, and taxes on employers.⁴⁰ The plan also proposes to index the wage base upon which UI payroll taxes are applied to provide increased revenues and reduce the disproportionate burden on employers and workers in low-wage firms (currently the federal UI tax is applied only to the first \$7,000 of a worker's salary). These steps are estimated to provide \$7 to \$10 billion each year in additional federal revenue to support the initiative.

Extend Housing Supports to Low-Income Working Families to Help Move Families toward Greater Opportunity

The Brookings Institution and the Urban Institute have proposed a broad approach to increasing the level of support to low-income families and the supply of affordable housing (Katz and Turner 2007). This "blueprint" builds on state and local initiatives, while still relying on the federal government's fiscal capacity. Like the other approaches we describe, it focuses on multiple goals, advancing in particular Goals 1 and 5. It includes recommendations for increases in the minimum wage and EITC to beef up low-income families' incomes, as well as expansions in the supply of affordable housing.

One especially noteworthy aspect of the proposal is the creation of new housing vouchers to enable low-income families to relocate to communities with higher-performing schools, thus increasing their children's opportunities for positive development. Another is the expansion and retargeting of the low-income housing tax credit to produce more affordable mixed-income housing in both distressed and high-opportunity communities. Still another would be the reinvigoration of the HOPE VI program to replace severely distressed public housing.

If successful, the policies would counteract the growing spatial disconnect between low-income communities and communities with high-quality schools and work opportunities, improving both children's

well-being and parents' employment chances. Katz and Turner estimate the package of proposals will cost \$2.6 billion the first year, increasing to \$6.3 billion in the fifth year of implementation. One potential source of funding would result from a minor adjustment in the homeowner capital gains tax exclusion, the cost of which is estimated to grow from \$35 billion to \$47 billion between 2006 and 2012.

Moving to Action

This paper provides a framework for policy discussions and decisions to improve the circumstances of low-income working families. During just the period that we have been writing this paper, public and political attention to working families has dramatically increased. Many issues mentioned in this framework—the minimum wage, health insurance, child care, paid sick leave, and paid parental leave—have come up separately in the states or before Congress. Thus, if this framework can successfully organize different policy ideas in a way that makes vivid their connection to family well-being and to work, and if it can show how issues that arise separately are in fact related, it could be even more useful than we contemplated at the beginning of the effort. The remainder of this section explores the ways that the framework might achieve these goals and describes our planned next steps to go beyond the framework and develop a concrete agenda.

Strengths and Limits of This Framework as a Basis for Action

This framework starts from the circumstances and needs of low-income working families and derives policy goals that could improve those circumstances. It organizes programs under these goals, rather than following a structure defined by policy areas or government agencies. Thus, affordable housing, minimum wage increases, and health insurance all fit under the goal of making work pay—enabling families to meet basic needs while working in low-wage jobs. Or, to take another example, unemployment insurance and strategies to help families to build their assets both fit under the goal of enabling families to weather gaps in employment.

This structure has several important strengths in helping policymakers move to action—that is, to define and implement a strategy for low-income working families. First, the breadth and coherence of the framework should enable public officials who may know one policy area well to think more broadly, thereby enlarging their ideas about possible solutions. In particular, the explicit focus of the framework on both parents and children—and on both work and child-rearing—forces conversation across programs aimed at different generations and across programs intended to support work and those intended to support families. Similarly, the explicit focus on both public programs and the private workplace—including wages, benefits, and job structure and schedule—forces a connection between the human services and the employer or labor force perspectives. For example, a human services cabinet secretary might realize for the first time that unemployment insurance—not usually part of the human services portfolio as organized in most states—could be an important policy tool to help low-income families.

Second, even in a very constrained fiscal or political climate, the breadth of the framework should make it easier to find a way forward. A governor's aide using this whole framework to scan the state budget would be more likely to see a possible action that could benefit low-income families than if the scan was limited to a small set of income support programs. Similarly, a funder looking for high-impact investments with a small amount of money in a particular geographic area would see more choices through this framework than if he or she considered only one or two programs.

Third, the breadth of the framework should also help policymakers with a portfolio other than human services, who initially may not see their connection to this agenda, to identify ways they can help. For example, depending on the state, the leadership of the community college system or the economic development agency may not initially see their connection to economic security for low-income parents. With the framework, they can see how they fit in and identify specific actions to make a difference.

Finally, the framework could help decisionmakers redesign an action already contemplated for other reasons so it makes the most difference to low-income working parents. For example, a universal preschool program could be designed to include features—such as participation of centers that offer child care for the full working day—that make it useful to low-income working families. Similarly, a state program of financial support to employers for training their existing workers might be on the agenda because of employers’ needs; it will be most helpful to low-income families if it is designed to reward or require training for low-wage, not just high-wage, workers.

At the same time that the framework offers these strengths, it has important gaps that decisionmakers will need to fill. In particular, while it offers potential policy directions, it is far from offering a concrete agenda. It also does not delve into the role that businesses or individuals could play. Thus, state, federal, or philanthropic decisionmakers might choose a broad area from the framework—for example, paid parental leave—and then turn to a report specific to that area to find more detailed guidance about legislative and policy proposals, private initiatives, implementation issues, and cost estimates.

Finally, while the framework provides a broad national overview of the strengths and weaknesses of the existing safety net, no individual state fits this picture perfectly. Some states will be more expansive in their policies across the board and others less expansive, some will have more innovation and others less, and many will have unpredictable patterns where different policy areas display expansion or retrenchment, innovation or the lack of it.

The remainder of this section offers suggestions about how to use the framework in its current form, to make maximum use of its strengths, as well as next steps to go beyond this framework to a specific action agenda.

Using the Framework to Inform Action

This framework has been designed with a wide variety of possible policy audiences in mind: state and federal legislative and executive branch decisionmakers, planners, and policy advocates; foundations interested in low-income issues; and researchers interested in a policy-relevant agenda. But because it does not offer new information about the costs, benefits, effectiveness, or political appeal of particular policy ideas, it can offer only limited help to the policymaking process. Yet the grounding of this framework in the actual circumstances and needs of working families, and in a set of goals for policy developed from those needs, provides insights important to policy choice.

First, although the framework cannot substitute for detailed research about the actual benefits of individual policy options, it does offer a powerful way of looking at the potential benefits of those options if they work as planned. In particular, by identifying the key needs of families and the key goals that effective policies ought to achieve, it underlines the potential value of policies that could make a difference to multiple goals at once. The policies that stand out because they could—if they worked—achieve

many goals at once include child care investments that combine affordability, steady access for working parents, and quality; paid parental leave for families with newborns; and health insurance that covers parents and children.

Well-designed child care investments that increase the availability of high-quality care to young children in stable, long-term settings and help parents afford these settings could contribute to virtually every goal. Paid parental leave, taken for granted in most other developed countries, contributes at least to Goals 2, 4, and 5. When a parent needs to stay home with a young child, paid rather than unpaid leave should help the family weather the associated gap in employment with less risk of ill effects such as job loss or the potential developmental harm of placing very young infants in low-quality care (often the only option available to struggling families).

And affordable health insurance that covers low-income working families could make a difference to three of the goals, helping make work pay, mitigating the impact of gaps in employment, and fostering children's healthy development, at least if the coverage leads to better access to care for diverse physical and mental health conditions.

Second, the framework offers policymakers helpful guidance as they seek to address the difficult problem of cost and the trade-offs it requires. Again, while the framework cannot substitute for detailed information about the cost and the benefits of particular options, it can provide another lens through which policymakers can view the strategic choices typically available to address the cost challenge:

- Could new investments be targeted to a subgroup among low-income working families, in order to bring the cost down?
- Could the program design be trimmed to cost less?
- Which is better, to spend a great deal on one high-impact intervention such as health insurance reform or to spread the resources out across a range of modest interventions?

Of course, the five goals cannot directly answer these questions, but they can help by identifying the advantages and disadvantages of potential targeting strategies or by leading one to investigate the underlying issues that would determine what the outcomes might be for interventions of different intensities.

Third, because the actions are arrayed by goals, the framework should help policymakers seize moments of political opportunity. When there is public attention to children's preparation for school and educational success, the framework offers under Goal 5 an array of actions that could help the large number of children who live in low-income working families—and at the same time support their parents' lives at work. When economic development in particular localities is especially significant, Goals 3 and 4 offer approaches to strengthening the labor force and meeting family needs at the same time. And if, as may increasingly be the case, a broad anxiety among middle-class families prompts attention to policies that could enhance families' security and ability to balance work and family across income levels, these goals could offer action steps that reach all families yet make a special difference to low-income families. These might include increased health care coverage to families with young children and making tax credits directed at families (the child tax credit or dependent care tax credit) refundable

and tailored progressively to provide greater support to lower-income families. Such efforts could draw a middle-class constituency and yet especially help the most vulnerable families.

Finally, the framework also offers a tantalizing glimpse of problems that need new and better policy ideas—of innovation that policymakers and, even more, grantmakers ought to be trying to stimulate. Looking across the framework, for example, it is striking how few policy ideas today focus on the link between the workplace and raising children specifically for low-income parents in low-wage jobs. As one participant in the Urban Institute’s Children’s Roundtable noted, flexible child care arrangements alone will not solve the problems of parents who have no control over their schedules and work nonstandard hours that rotate over time—and who then are ineligible for unemployment insurance if they miss work and quit or are fired. Policies to promote a focus on training, education, and advancement for low-wage workers are also generally being explored at a small scale, and do not yet touch broader policy systems that support low-wage workers who are also raising children. In all these areas and others, interventions exist at the local level, in scattered states, or in other countries, but the innovation required to refine and enlarge them is still ahead.

Next Steps

The goal of the framework offered in this paper is to provide a way, grounded in the circumstances of low-income working families and the goals of public policy, to consider thoughtfully and systematically the whole range of programs that affect them, without being overwhelmed by their variety and complexity. The reason this framework is needed, as demonstrated by the analysis in this paper, is the complexity of families’ lives and the broad range of programs that affect them. Looking at only a few of these programs—as defined by policy specialty or public agency structure—is likely to miss important aspects of families’ lives: programs are likely to be either for the adult or for the child, either for the adult as worker or for the adult as parent, either focused on the private-sector workplace or focused on public support to the family. Yet in fact families include adults and children, parents are also workers, and family life is deeply affected by the private-sector workplace as well as public programs. When policies or programs do not respond to the complexity of families’ lives, they may not get enough leverage to make a difference. And they may even make things worse—as when program rules worsen the disruption that comes with job loss rather than ameliorating it.

Therefore, the framework presented in this paper offers a way of organizing information about individual programs and policies, both existing and proposed. It does not, however, go deep enough into these individual policies to offer an agenda—that is, a list of suggested or promising or recommended actions—or to provide new evidence or even a synthesis of existing evidence about the specifics of these actions, such as their costs and benefits. As a next step, we recommend a deeper look at each of the goals to provide such an agenda.

We also believe that the framework suggests research and demonstration next steps as well. That is, while some policies, programs, and action steps are reasonably well understood, others are not. Sometimes, as suggested above, this is because no existing policy seems well-designed to meet the needs of low-income parents who are also low-wage workers and sometimes raising children alone. In these cases, pilot or demonstration projects to try out various ideas would be helpful. Sometimes programs exist in some jurisdictions (such as parental leave in California) or in a small-scale form (such as many sectoral employment advancement initiatives), and the need is to collect information on those programs in a way that illuminates the bigger questions of expanding and moving to scale in other settings.

All these next steps, both those directed at synthesizing existing evidence to inform the policy debate and those directed at developing new evidence, are particularly timely now. This is true for many reasons, including the sharply reduced role of welfare in supporting low-income families, the large proportion of children living in these families, anxiety about health insurance and broader economic security among families with incomes well above those discussed here, and the parallel anxiety among employers about globalization and the implications of a public framework that puts the responsibility for health and other benefits on their shoulders. It is clearly a time of innovation in at least some states and exploration of potential future policies at the federal level. We hope that this framework as well as future next steps can usefully inform this timely debate.

APPENDIX TABLES

TABLE A-1. Selected U.S. Programs and Policies

Program area	Number benefiting	Eligibility	Funding
Goal 1: Make Work Pay			
Earned income tax credit (federal)	22.1 million working families in 2005; 75–85% of eligible tax filers.	Federal entitlement. To be eligible, families must be below certain income thresholds, depending on family size (for example, \$34,000 for two-parent families with one child in 2006), and the credit phases out as income increases.	Refundable tax credit. The total amount of the credit in 2005 was \$41.5 billion.
Earned income tax credits (19 states)	A total of approximately 4.6 million claims annually among the states with EITCs (state data from differing years, from 1999 to 2004).	Eighteen of the 19 state EITCs follow federal eligibility rules exactly, setting the credit at a specified percentage of the federal credit.	States use general funds, sales tax revenues, and TANF grants. The cost to states has ranged from \$17.3 million (Vermont), to \$591 million (New York). Costs depend in part on the credit's refundability; 15 states had refundable credits as of January 2006.
Minimum wage (federal)	Over 130 million workers are covered by the minimum wage. About 409,000 people nationwide have wages at the federal minimum wage.	Most workers are covered by the federal minimum. Exceptions include workers that receive tips, youth, some workers with disabilities, and some students—groups that may be exempt from the minimum wage. The federal minimum wage was \$5.15 an hour in 2006.	Federal mandate on employers.
Minimum wage (29 states)	Varies by state.	29 states have a minimum wage higher than the federal level. Washington State's wage is highest at \$7.93 an hour. States vary in exactly what types of jobs are covered.	State mandate on employers.
Living wage (local)	In 2001, over 70 jurisdictions had living-wage ordinances.	Living-wage ordinances typically apply to government employees and employees of government contractors.	Local mandate on employers.
Housing subsidies (federal subsidies that are locally administered)	Housing vouchers now serve 2.1 million poor and low-income households. About one-quarter to one-third of eligible households receive assistance.	Households with incomes below 50–80% of area median income are eligible for aid through Section 8 vouchers (though 75% of new vouchers must go to households under 30% of local area median income). Section 8 vouchers include tenant-based vouchers that go to households renting in the private market and project-based vouchers that subsidize specific housing units. Eligibility is verified annually. Both working and nonworking individuals or families may be eligible. Specific eligibility levels set by local public housing authority. LIHTC and HOME Programs target families at 60% of area median income.	Housing vouchers, subsidies, block grants, project-based subsidies, and mortgages. Federal: \$33.6 billion in FY 2007. States and localities: \$1 billion through trust funds.

Food stamps (federal)	Average monthly participation of 26.7 million persons and 11.8 million households in 2006. In 2004, 60% of those eligible received assistance.	Federal entitlement. Generally limited to families with gross incomes below 130% of FPL and net incomes below 100% of FPL. Eligibility limited for adults without dependents.	Federal entitlement program—federal government fully funds benefits and pays for half of administrative costs. Federal: \$31 billion in 2005.
Public health insurance: Medicaid (federal/state)	18% of all nonelderly Americans are uninsured, 37% of people below 100% of FPL are uninsured, 29% of all those between 100–199% of FPL. 42.5 million covered by Medicaid in June 2005.	Federal entitlement. Eligibility varies by population group and by state (federal government grants states broad discretion in eligibility criteria and how services are provided). Required coverage thresholds are parents at state AFDC income-eligibility levels as of 1996, pregnant women and children under age 6 up to 133% of FPL, children from age 6 to 18 up to 100% of FPL.	Federal program with required state match. Federal match rate (50–76% in 2006) is based on state per capita income. Federal: \$180 billion in FY 2006. State: \$115 billion in 2004.
Public health insurance: SCHIP (federal and state)	4 million children enrolled as of June 2005. An estimated 15% of SCHIP-eligible children remain uninsured ^a	Not an entitlement. Eligibility varies by state (federal government grants states broad discretion in eligibility criteria and how services are provided), but focus is low-income children not Medicaid-eligible and some parents. In 2006, 41 states (and the District of Columbia) set the upper income limit at 200% of FPL or higher, 26 set them at 200% of FPL, and 10 lower than 200% of FPL.	Block grant with required state match (65–84% in 2006). Federal: \$5.5 billion in FY 2006. State: \$2.4 billion in FY 2006.
TANF (federal and state)	About 1.75 million families (monthly caseload as of September 2006). 24% of families under FPL received TANF in 2005.	No federal entitlement. States set standards, which vary widely.	Block grant with required state maintenance of effort requirement (75–80% of mid-1990s spending). Federal cost: \$16.6 billion; state cost: \$11 billion.
Goal 2: Enable Families to Weather Employment Gaps			
Unemployment insurance (federal and state)	7.9 million first payments in 2005. Nationwide about 31% of the unemployed receive UI benefits. Receipt by state ranges from 16% of unemployed in South Dakota to 57% in Alaska.	Set by states, which require certain prior earnings and work hours during an established “base period.” Beneficiaries must be “able and available” to work and unemployed through no fault of their own. Those who leave work “voluntarily” for family or other personal reasons are typically ineligible, although eight states recognize “quits” for good personal reason and may provide UI benefits in these cases. 19 states allow an alternative base period, letting a worker’s more recent earnings be considered in determining eligibility (Vroman 2005).	Jointly funded by federal and state payroll taxes. Administration is financed by federal payroll taxes, and benefits are financed through state UI trust funds. \$2.6 billion in 2005 for administration of the program. \$28.4 billion in 2005, from state UI trust funds. (Continued)

TABLE A-1. (continued)

Program area	Number benefiting	Eligibility	Funding
Workers' compensation (Largely state. All states except Texas mandate coverage. Federal government covers federal employees and certain other workers [black lung victims, longshoremen, etc.])	1.3 million workplace injuries or illnesses that required recuperation away from work in 2004. No data on number of workers' compensation recipients.	Almost all private employees—an estimated 126 million workers covered by workers' compensation. Some states exempt certain workers such as those in very small firms, some agricultural workers, household employees, and those in some state or local government units. States vary in illnesses and injuries that are compensated, and level of benefits.	Mandate on employers to insure workers. Estimated cost to employers: \$28 billion for private carriers, \$13 billion for self-insurance (2004). Federal: \$3 billion (2004). State: \$11 billion (2004).
Temporary disability insurance (five states and Puerto Rico)	Average weekly number of beneficiaries in 2003: 97,000 (CA); 47,000 (NY); 9,000 (RI). Compensated 25–38% of live births in 2003 in three states for which data available (CA, NY, RI). In CA, pregnancy claims represented 23% of 2001–04 TDI caseload.	Provides wage replacement to people for short-term illness and injury not connected to the workplace, and to people not able and available to work (i.e., covered by UI). Covers most salaried private employees. Covers disability related to pregnancy and childbirth for eligible workers. Like UI, eligibility requires a specified amount of past employment or earnings during a base period. Benefits are based on wage history during the base period, but in most states TDI replaces at least half of lost wages for 26 to 52 weeks (depending on the state).	Payroll tax on employees or on employees and employers. In NJ, employers contribute substantially. States with TDI programs also provide for the transfer of some employee UI contributions into the disability fund. Net benefits paid in 2003: \$3.2 billion (CA), \$47.9 million (HI), \$607 million (NJ), \$572 million (NY), \$153.8 million (RI).
Paid family leave (California only)	169,373 claims filed in 2006.	Those eligible for state TDI; also employees who need to take time off to bond with a new baby, with a foster child, or to care for an ill family member or themselves. Like state's TDI program, eligibility requires prior earnings of at least \$300 during any quarter of 12-month base period	Mandatory 0.8% payroll tax on employees up to maximum contribution of \$63.53 in 2005. CA: \$367.3 million in benefits paid in 2006.
Asset development: Assets for Independence (AFI) IDAs (federal)	About 35,000 accounts in 2006. Proportion of eligible families served is unknown.	Must be eligible for TANF or EITC, or have total household income of less than 200% of FPL. Also must not have assets exceeding \$10,000 (excluding a residence and one car).	Funded through Assets for Independence Act, which funds state/local/tribal/nonprofit 5-year demonstration programs. Federal: \$18 million in FY 2006.

Goal 3: Support Parents' Advancement			
Workforce Investment Act (federal)	<p>Over 1.1 million registered in PY 2004.</p> <p>Local WIBs trained 416,000 adults in PY 2003; 235,000 were poor adults (GAO 2005 cited in Osterman 2005).</p>	<p>Universal access. Generally adults, dislocated workers, youth. Priority for intensive services to public assistance recipients and other low-income adults.</p>	<p>Federal formula grants to states. Training largely through vouchers.</p> <p>Federal: \$3 billion in PY 2006.^b</p>
Pell grants (federal)	<p>5.3 million in FY05.</p> <p>23% of undergraduate population receiving Pell grants. 35% attending two-year public institutions in FY 2005. In 1999–2000, about 25% of recipients were single parents. In FY 2003, about 56% reported annual incomes of \$20,000 or less.</p>	<p>Entitlement to all who qualify based in part on need. Regular students at postsecondary program with incomes less than specified expected family contribution; low-income undergraduates and certain graduate students.</p>	<p>Funded through annual federal appropriations. Grants to individuals disbursed through institutions.</p> <p>Federal: \$13 billion in FY 2006.</p>
Adult basic education (federal/state administered)	<p>About 2.8 million people in PY 2002.</p>	<p>People over age 16, not attending high school, and without high school diploma or equivalent.</p>	<p>Formula grants to states to fund local education agencies, CBOs, public housing authorities, higher education institutions, etc. Federal cost: \$585.5 million in FY 2006.</p> <p>States provide significant funds—federal AEFLA funds constituted only 25% of total state/local adult education and literacy spending.</p>
Incumbent worker training programs (states and private employers or other organizations)	<p>Almost 200,000 trained in 2002 (GAO 2004).</p>	<p>Varies by state. The incumbent worker programs are often designed to fill service gaps in federal training programs. Many train workers who do not meet WIA income requirements.</p>	<p>Often through UI trust funds (in 23 states in 2002 [GAO 2004]). Also state general revenues, other sources.</p> <p>State cost: \$278 million in 2002 for state training programs, most of which supported incumbent workers.</p>

(Continued)

TABLE A-1. (continued)

Program area	Number benefiting	Eligibility	Funding
Goal 4: Enable Parents to Combine Work and Child-Rearing			
CCDF child care subsidies (federal and state)	The average monthly number of children served in FY 2005 was 1,782,000.	Parents must be working or in a TANF work-related activity. Their children must be under age 13. Income eligibility varies by state, and ranges from 103% to 240% of FPL.	Federal block grants to states; states typically use vouchers to parents. Federal: \$5.32 billion in FY 2005. State: \$2.21 billion in FY 2005. Total expenditures (federal and state), including additional TANF funds were \$11.7 billion.
After-school programs (federal, state, local, and private)	Overall about 6.5 million children in grades K–12 estimated to participate. About 1.3 million children served by 21st CCLC in FY 2005. CCDF served about 640,000 children age 6 to 13 monthly (FY 2005).	U.S. Education Dept's 21st Century Community Learning Centers (21st CCLC) provide academic enrichment programs for students attending high-poverty and low-performing schools. To qualify for CCDF, families must be income- and work-eligible.	36% of CCDF vouchers for care of children age 6 to 13. 21st CCLC funded at \$981 million in FY 2006. Other programs largely funded by state, local, and private entities.
Paid sick leave (only San Francisco)	Over 100,000 employees were not receiving paid sick leave at the time of the mandate.	All (San Francisco) employees. Passed by referendum in November 2006 and implemented in February 2007.	Mandate on San Francisco employers.
Workplace flexibility initiatives (state, local, private)	67% of employers in 2005 did not allow workers to change their starting and quitting times.	Policies vary by state, but most policies apply to public-sector employees. In some states, tax credits are offered to private employers who implement workplace flexibility policies.	Mandate on employers, tax credits.
Family and Medical Leave Act (federal)	People working for firms with at least 50 employees (estimated to cover about half of private-sector workforce).	Worker must be employed at firm of 50 or more employees, employed at least 12 months, and have prior work of at least 1,250 hours per year. Access to up to 12 weeks of unpaid leave. Leave may be used for care of newborn or adopted child, foster child, or care of seriously ill family member or self.	Access to leave is mandate on covered employers, leave is unpaid.

Goal 5: Improve Children's Well-Being and Development			
Head Start/Early Head Start (federal)	907,000 children enrolled in Head Start in 2005. In 2005, 81,914 children and 10,485 pregnant women participated in Early Head Start.	Children in families up to 100% of FPL. Head Start serves children from age 3 to school age; Early Head Start serves children from birth to age 3.	\$6.8 billion in FY 2005 for Head Start and Early Head Start.
Prekindergarten (state-funded, 38 states)	942,766 children are enrolled in state-funded prekindergarten, representing 3% of 3-year-olds and 20% of 4-year-olds nationally.	Income eligibility requirements vary by state, ranging from Delaware and Minnesota, which require that 90% of the children served be at or below 100% of FPL, to many other states which have no income eligibility requirement.	\$3.271 billion spent on state prekindergarten programs in 2005–06 program year, or \$3,482 per child.
Paid parental leave (state, California only)	169,373 claims filed in California for 2006.	All California workers who pay into the state disability insurance program, both full-time and part-time, are eligible for paid parental leave. This population was estimated at 13 million workers in 2004.	California uses a 0.6% state disability insurance payroll tax on employees to fund paid parental leave and other programs. Benefit costs in 2006 were \$367 million.

Sources: Goal 1: Center for Budget and Policy Priorities (2007); Economic Policy Institute (2001, 2007); Kaiser Commission on Medicaid and the Uninsured (2006a, 2006b, 2006c, 2007); Kenney and Cook (2007); Maag (2007); Nagle and Johnson (2006); Office of Management and Budget (2007), table 25-14; Statehealthfacts.org; "Total SCHIP Expenditures, FY 2006," Kaiser Family Foundation, <http://www.statehealthfacts.org>; U.S. Department of Agriculture, Food and Nutrition Services (2006); U.S. Department of Agriculture, Food and Nutrition Services (FNS), "Food Stamp Program Monthly Data," <http://www.fns.usda.gov/pd/fsmothly.htm>; U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, "Temporary Assistance for Needy Families Caseload Data," <http://www.acf.hhs.gov/programs/ofa/caseload/case-loadindex.htm>; U.S. Department of Labor, Employment Standards Administration (2007); U.S. Department of Labor, Bureau of Labor Statistics, "Characteristics of Minimum Wage Workers, 2006," <http://www.bls.gov/cps/minwage2006.htm>.

Goal Two: California Employment Development Department (EDD), "About the Paid Family Leave Insurance Program," <http://www.edd.ca.gov/direp/pflind.asp>; California EDD, "Paid Family Leave Claims Filed," <http://www.edd.ca.gov/qspfl-Claims%20Filed.pdf>; California EDD, "Paid Family Leave Insurance: Frequently Asked Questions," <http://www.edd.ca.gov/direp/pflfaq1.tx.htm>; Cramen, Parrish, and Boshara (2006); Sengupta et al. (2006); Social Security Administration (forthcoming), tables 9.A2 and 9.C1; U.S. Department of Health and Human Services (2006); U.S. Department of Health and Human Services, "AFI background paper," <http://www.acf.hhs.gov/assetbuilding/assess.html>; Vroman (2005); Wayne Vroman, unpublished calculations of TDI coverage of live births November 14, 2005.

Goal Three: Office of Management and Budget (2007), table 25-14; Rubinstein and Mayo (2006); U.S. Department of Education (2003), 16; U.S. Department of Education (2006a), 15; U.S. Department of Education (2006b), 89–90; U.S. Department of Labor, Employment and Training Administration, "Trade Adjustment Assistance: Fiscal Year 2006 Year End Performance Highlights," http://www.dolera.gov/Performance/results/Quarterly_report/PerformanceHighlights06.pdf; and U.S. GAO (2004), 12.

Goal Four: Afterschool Alliance, "Afterschool Issue Overview," http://www.afterschoolalliance.org/after_over.cfm;

Afterschool Alliance, "Policy News," http://www.afterschoolalliance.org/policy_news.cfm; Richard Gonzalez, "San Francisco Orders Paid Sick Leave for All," National Public Radio, 18 January 2007, <http://www.npr.org/templates/story/story.php?storyId=6898785>; San Francisco Department of Elections, "Ordinance adding Chapter 12W to the Administrative Code to require San Francisco employers to provide paid sick leave to employees," 9 August 2006; U.S. Department of Health and Human Services (HHS), Child Care Bureau, "FFY 2005 CCDF Data Tables (Preliminary Estimates)," http://www.acf.hhs.gov/programs/ccb/data/ccdf_data/05acf800/table1.htm; HHS, Child Care Bureau, "Child Care and Development Fund: Fiscal Year 2005 State Spending from All Appropriation Years," http://www.acf.hhs.gov/programs/ccb/data/expenditures/05acf696/fy05_overview_allyears.DetailedSummary, "Fiscal Year 2005 Child Care Development Fund: All Expenditures by State—Detailed Summary," http://www.acf.hhs.gov/programs/ccb/data/expenditures/05acf696/exp_detailed.htm; Workplace Flexibility 2010, "Flexible Work Arrangements: Selected Case Studies," http://www.law.georgetown.edu/workplaceflexibility2010/definition/general/FWA_CaseStudies.pdf; Workplace Flexibility 2010, "Examples of State Flexible Work Arrangement (FWA) Laws," http://www.law.georgetown.edu/workplaceflexibility2010/definition/general/FWA_StateFWA.doc.

Goal Five: Barnett et al. (2006); California EDD, "Paid Family Leave Claims Filed"; California EDD, "About the Paid Family Leave Insurance Program"; Center for Law and Social Policy, "Early Head Start Participants Programs, Families, and Staff in 2005," http://www.clasp.org/publications/hs_brief8_2005data.pdf; HHS, Office of Head Start, "Head Start Program Fact Sheet," <http://www.acf.hhs.gov/programs/hsb/research/2006.htm>.

FY = fiscal year; PY = program year.

a. This analysis indicates that among 13.3 million children eligible for SCHIP, 3.9 million have SCHIP coverage, 6.6 million (or 50 percent) have employer-sponsored coverage, and nearly 2.0 million (or 15 percent) are uninsured (Kenney and Cook 2007).

b. Combined for adult, dislocated worker, and youth programs; estimated 40% of adult and dislocated worker

TABLE A-2. *Some Possible New Approaches to U.S. Programs and Policies*

Main program areas Key goals addressed Source	Key features	Eligibility/ coverage	Funding sources	Anticipated benefits/positive outcomes
<p><i>Ensure Health Coverage for Low-Income Families</i></p> <p>Goals 1, 5, and 2</p> <p>Massachusetts Health Insurance Program</p>	<ul style="list-style-type: none"> ■ Creates Commonwealth Care Health Insurance Program (CCHIP) to subsidize uninsured adults with incomes below 300% of FPL. Eligible people below FPL will pay no premiums or deductible, those with incomes 100–300% of FPL will pay premiums on sliding scale. ■ Creates Commonwealth Health Insurance Connector Authority mandated to reduce health insurance administrative burden for small businesses, find affordable policies, allow employees to make contributions pretax and combine employer contributions. ■ Individual responsibility mandate requires all residents to purchase health care or face income tax penalties. ■ Employers must either provide insurance for employees or make annual contribution for each FTE worker. May also be required to pay “Free Rider Surcharge” if heavy use of state-funded uncompensated care by uninsured employees. ■ Reforms insurance premiums and expands and restores MassHealth (Medicaid and SCHIP) coverage and benefits. ■ About half funded by existing federal Medicaid waiver dollars; the remainder through new federal match funds; current private funds for Uncompensated Care Pool, and \$220 million in new state and employer dollars. Total FY 2007 cost estimated at \$1.21 billion, FY 2009 cost estimated at \$1.57 billion. 	<p>CCHIP will reach an estimated 150,00–200,000 uninsured people</p> <p>State will also attempt to newly enroll 50,000–90,000 in MassHealth</p>	<p>Financing from existing federal dollars and \$220 million (FY 2007) in new state and employer dollars</p>	<p>Reduces economic and racial disparities in health care</p> <p>The Connector is anticipated to lower insurance premiums through its negotiating power</p> <p>Creates choice in health insurance plans</p>
<p><i>Provide Parents Paid Leave at the Birth of a Child</i></p> <p>Goals 5, 2, and 4</p> <p>California Paid Family Leave Insurance Program</p>	<ul style="list-style-type: none"> ■ Program is structured as insurance benefit to partially replace wages of parents or others who leave the labor force to care for young children or ill family members or for their own illness. ■ Provides up to 6 weeks of paid leave; partial wage replacement of approximately 55% of earnings up to a maximum weekly benefit of \$840 in 2005; maximum of 6 weeks within a 12-month period. ■ Payroll tax is .08 % of wages, with a taxable wage limit of \$79,418 in 2005. 	<p>Same as for state disability insurance. All private-sector employees covered regardless of organization size. Generally does not cover public-sector employees.</p> <p>Program mandates that parent has earned at least \$300 during any quarter in a “base period” of 5 to 17 months before filing a claim.</p>	<p>Funded through a mandatory payroll tax on all employees</p> <p>Implemented by the state Employment Development Department (EDD)</p>	<p>Helps low-income working parents bond with infant or young child, or meet other family obligations</p> <p>Helps working families maintain income stability during a time of high family expense</p>

Invest in Children through Child Care Subsidies and Quality Initiatives	<ul style="list-style-type: none"> ■ Combine federal CCDF funding with state resources to create a guarantee of child care assistance to eligible families up to a certain income level. ■ Create a quality rating system across all states, and evaluate efforts at tiered reimbursement strategies. ■ Following from examples of comprehensive reforms to child care programs (such as New York City's efforts), the creation of higher performance standards and quality ratings that are shared with parents; simplified enrollment policies to increase low-income families' participation (including elimination of face-to-face interviews, online application process, longer durations of care by increasing certification time periods, and higher income thresholds for families continuing in care); and greater integration of pre-K and Head Start services with child care subsidy program resources to better target programs to low-income working families; changes to information systems and management practices. 	Varies by proposal	Various funding mechanisms including CCDF, Head Start and Early Head Start funds, and state and local funds	Enables parents to work more steadily, helping to balance work and family obligations High-quality care could improve child development Helps make work pay
Goals 4, 1, and 5 (Various initiatives)				
Improve Security for Low-Wage Workers through Gaps in Employment	<ul style="list-style-type: none"> ■ Building on state models, expand UI benefits to low-wage, part-time, and female workers. ■ Provide 12 weeks of paid family and medical leave for workers who do not have leave. ■ Provide subsidized health insurance to the jobless and full coverage to laid-off low-income jobless families. ■ Provide mortgage assistance to unemployed homeowners who can show economic need and prospects of reemployment. ■ Subsidize special state funds to increase training and education. ■ Protect workers against broad national and global risks by expanding the federal Trade Adjustment Assistance (TAA) to cover workers outside of manufacturing sector, make UI benefits more reliable during recession, increase Disaster Unemployment Assistance, and expand transitional jobs programs. ■ Estimated costs for UI expansion is \$1.5 billion annually. 	Low-wage workers, especially unemployed	Annual worker contribution for paid leave Federal revenues for health insurance and mortgage assistance Employer payroll tax for training and education Tariff revenue for TAA provisions	Higher wages and worker productivity Higher return rates to jobs Increased levels of worker skills/competitiveness Workers better able to deal with shifts in global trade
Goals 2, 1, and 3				
National Employment Law Project/Ensellem				
(Continued)				

TABLE A-2. (continued)

Main program areas Key goals addressed Source	Key features	Eligibility/ coverage	Funding sources	Anticipated benefits/positive outcomes
<i>Extend Housing Supports to Low-Income Working Families to Help Move Families toward Greater Opportunity</i>	<ul style="list-style-type: none"> ■ Expand the minimum wage and EITC to raise workers' after-tax wages. ■ Create new pools of federal housing vouchers to support work among welfare leavers and/or to enable low-income families with children to relocate to communities with high-performing schools. ■ Expand and retarget the Low Income Housing Tax Credit program (LIHTC) to produce mixed-income housing where demand is greatest in both distressed and high-opportunity communities. 	Low-income people already eligible for government programs such as Section 8, EITC, and the LIHTC	Largely federal funds. Possibly through adjustment to homeowner capital gains tax exclusion.	Counteracts the growing spatial disconnect between depressed communities and areas with quality schools and employment
Goals 1, 5 Brookings Institution and Urban Institute/Katz and Turner	<ul style="list-style-type: none"> ■ Revive the HOPE VI program to replace federally assisted public housing, and provide consistent funding for renewal of Section 8 contracts. ■ Create a block grant for acquiring and recapitalizing affordable housing by nonprofits, and eliminate tax liabilities for owners of federally assisted housing who sell to nonprofit entities. ■ A package that includes expanding LIHTC by 20%, restoring HOPE VI program to its original scale, providing comparable annual investment in preservation matching grants, and providing exit tax relief for the owners of older subsidized properties estimated to cost \$2.6 billion in year 1, rising to \$6.3 billion in year 5. 			Improves the labor market prospects of working families Reduces teenage pregnancy, crime, and poor physical and mental health

Sources: Chaudry, Tarrant, and Asher (2005); Enslem (2006); Holahan and Blumberg (2006); Katz and Turner (2007, forthcoming); McDonough et al. (2006).

NOTES

1. We use the National Survey of America's Families (NSAF) definition of a social family. Essentially, this term captures all individuals related by blood, marriage, or adoption along with cohabiting partners; it excludes roommates and boarders. This family unit is somewhat broader than the Census definition of a family because it includes cohabiting partners who are not related to the household head (i.e., the reference person), but it is narrower than the Census definition of a household, which encompasses all individuals in a dwelling unit.
2. The poverty threshold varies by family size and composition, and our low-income threshold adjusts for differences in family needs.
3. Specifically, the adult must work 1,800 hours a year. This is roughly equivalent to working 35 hours a week.
4. Data cited here come from Acs and Nichols (2005).
5. This is not surprising: if the adults in the two families work the same jobs at the same wages, the families will have the same gross income, but the larger family will have greater needs and thus be more likely to be low-income.
6. Also, high-work, low-income families have more children and thus need more money in absolute dollar terms to cross the low-income threshold than their middle-income counterparts. Recall that the low-income thresholds vary by family size, and larger families need more money than smaller families to gain middle-income status.
7. Low-wage workers typically remain in jobs a shorter time than other workers and have more different jobs, and workers with less education are more likely to be "pushed" out by employers rather than change jobs voluntarily (Lane 2000). Further, one study indicates that they are much less likely to be offered health insurance when they change jobs (15.4 percent of high school dropouts are offered insurance in their new jobs, compared with 45.2 percent of college graduates).
8. Assessing what level of spending on necessities is "adequate" is inherently subjective. To this end, it is useful to compare the spending patterns and material hardships of low-income working families with those of middle-income families. The more the spending of low-income families lags behind the spending of middle-income families on necessities like

housing and child care and the greater the incidence of material hardships between these families, the greater the concern about adequacy for low-income families.

9. Acs and Nichols (forthcoming) show that about 23 percent of all workers earning less than 150 percent of the federal minimum wage in 2003 lived in low-income families with children. Using slightly different definitions, Acs (1999) and Carnevale and Rose (2001) obtain similar findings for U.S. workers in the 1990s.
10. Families with earnings below \$11,300 receive no benefit from the child tax credit. Working low-income families with one child can receive the full \$1,000 per child credit once their earnings reach \$17,970; families with two or more children can receive the full \$2,000 maximum credit once their earnings reach \$24,180 (Maag 2006).
11. U.S. Department of Labor, Bureau of Labor Statistics, "Characteristics of Minimum Wage Workers, 2006," <http://www.bls.gov/cps/minwage2006.htm>. Workers who receive tips, youth, some workers with disabilities, and some students may be exempt from the federal minimum wage (U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division, "Fact Sheet #14: Coverage under the Fair Labor Standards Act," <http://www.dol.gov/esa/regs/compliance/whd/whdfs14.htm>). States with higher minimum wage levels also vary some in exactly what types of jobs are covered by the minimum.
12. U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division, "Fact Sheet #14: Coverage under the Fair Labor Standards Act," <http://www.dol.gov/esa/regs/compliance/whd/whdfs14.htm>.
13. http://www.epinet.org/content.cfm/issueguides_livingwage_two-table (last accessed 3/7/07).
14. This is an increase from about 13 million households in 2000.
15. The Urban Institute's other paper for the Mott Foundation, "The Hard-to-Serve," addresses the TANF program and families it serves in greater detail.
16. In three states (Alaska, Connecticut, and Massachusetts) the reciprocity rate was 50 percent or higher, while in three others (Louisiana, New Hampshire, and South Dakota) it was below 20 percent. 1994 to 2003 data, from Vroman (2005).
17. Urban Institute researchers found that from 2000 to 2003, single-parent households (disproportionately low-income) bore 37 percent of the loss in full-time, full-year employment while receiving only 8 percent of the increase in unemployment insurance (Acs et al. 2005).
18. Little appears to be known about the extent to which the workers' compensation system serves low-wage workers, though given their relative lack of paid sick leave benefits and the relatively limited scope of state TDI programs, it is likely that they benefit disproportionately from the system.
19. Calculations by Wayne Vroman of the Urban Institute, based on 2000 to 2003 data.
20. See also California Employment Development Department (EDD), "About the Paid Family Leave Insurance Program," <http://www.edd.ca.gov/direp/pflind.asp>.
21. See California EDD, "Paid Family Leave Claims Filed," <http://www.edd.ca.gov/qspfl-Claims%20Filed.pdf>.
22. American Association of Community Colleges, "Community College Fact Sheet," http://www.aacc.nche.edu/Content/NavigationMenu/AboutCommunityColleges/Fast_Facts1/Fast_Facts.htm.
23. Employer child care initiatives are typically limited to providing information to help employees locate child care (offered by 34 percent of employers surveyed in one national study) or establishing pre-tax Dependent Care Assistance Plans (offered by 45 percent of employers) (Bond et al. 2005). Large employers are more likely to provide these benefits than smaller ones, and where they exist they have often been designed as a benefit to attract and retain higher-wage employees, although there may be a spillover benefit for lower-wage workers. On-site child care is offered by 17 percent of larger employers, but benefits such as emergency or back-up child care, sick child care, or assistance with the cost of care are offered by less than 10 percent of either large or small employers.
24. Other federal funding streams (such as TANF and the social services block grant) also fund child care, but CCDF is the predominant funding source.
25. This includes both CCDF state and federal expenditures, and TANF funds spent on subsidies. HHS CCDF expenditure data: <http://www.acf.hhs.gov/programs/ccb/data/index.htm>.
26. In 2004, about half of states had frozen intake or established waiting lists (Edie 2006). Researchers using the federal maximum income limit for child care subsidies (85 percent of the state median income, which varies across states) have found that many income-eligible low-income working families do not receive subsidies. Of 16 states examined in the

late 1990s, none was serving more than 25 percent of qualified families, and some were serving fewer than 10 percent (Layzer and Collins 2000 cited in Golden 2005).

27. For parents with traditional work schedules, this tends to be about two to four hours a day. For those who work evening or weekend schedules (which is more common for low-wage working parents), it is even longer (Waldfogel 2006).
28. For CCDF data, see http://www.acf.hhs.gov/programs/ccb/data/ccdf_data/05acf800/table9.htm. For 21st CCLC program information, see the Afterschool Alliance at http://www.afterschoolalliance.org/policy_news.cfm.
29. One analysis of SIPP data from 1996 indicates that 13 percent of 10-year-olds were in self-care (defined as time without adult supervision during a typical week), although it notes that this may be an underestimate since parents may be reluctant to tell an interviewer that their child is home alone (Waldfogel 2006). A survey asking children directly found that 54 percent of 5th graders (10- and 11-year-olds) said that on the day of the survey they were alone some time after school (Vandell and Su 1999 cited in Waldfogel 2006). According to Urban Institute research, on average, in 2002 about 15 percent of all 6- to 12-year-olds regularly were in self-care during the summer, amounting to 10.3 hours a week (in contrast to 4.8 hours a week during the school year) (Golden 2005; Capizzano, Adelman, and Stagner 2002).
30. This is in contrast with 145 other countries that provide paid sick leave, 127 of them providing a week or more each year (Heymann et al. 2007). U.S. Senator Edward Kennedy (MA) and U.S. Representative Rosa DeLauro (CT) recently reintroduced the Healthy Families Act, which would mandate employer provision (for employers of more than 15 workers) of paid sick leave for all people working at least 20 hours a week. Only one U.S. jurisdiction has mandated paid sick leave for private-sector employees: in November 2006, San Francisco voters enacted a sick leave requirement by referendum (James Parks, "San Francisco First to Require Paid Sick Leave," <http://blog.aflcio.org/2006/11/09/san-francisco-first-to-require-paid-sick-leave/>; Office of Labor Standards Enforcement 2007). The new law, implemented in February 2007, requires that all employers in the city provide up to nine days of sick leave a year for full-time employees, with pro-rated leave available for part-time employees. It also specifies that employees be allowed to use it for care of family members (Levin-Epstein and Boyd 2006). In addition, some state and private employers that provide paid sick leave allow workers to use sick days for "family preventive care." As of 2004, 48 states had laws, regulations, or collective bargaining agreements that allowed state workers to use sick leave to stay home with a sick family member (NPWF 2004), but only 7 states had "family care laws" that guarantee that all workers who already have paid sick days be allowed to use them for care of sick family members.
31. A number of companies are pursuing flexible work initiatives, typically for higher-income workers, though some are focused on lower paid employees. For example, among 3,000 requests for flexible work arrangements approved by New York-based Citigroup, about 40 percent are for hourly employees. PNC Financial Services Group, Inc., offers "summers off" teller positions to workers in one city, with plans for expansion (Barbara Rose, "Flexibility Gains Ground: Companies Discovering that Letting Lower-Paid Employees Work from Home or in Shifts More Convenient to Their Lives Pays Off in Increased Efficiency and Loyalty," *Chicago Tribune*, online edition, 5 February 2007).
32. For example, a number of government initiatives seek to increase the prevalence of "healthy marriage" and engaged fatherhood among low-income families, drawing on considerable evidence indicating that children do better when living with two biological parents. These initiatives are not addressed here, however, because they are not as directly linked to the circumstances of parents' work as other approaches. Further, while several large evaluations of these initiatives are under way, it is too soon to know their effects on the frequency and quality of marriages, the engagement of fathers, or the level of child well-being in low-income families.
33. There is also a growing need for time to care for elderly parents and other relatives, further pressing on families, especially low-income families that often cannot afford other care options (Heymann 2000).
34. NSAF did not differentiate between paid or unpaid parental leave, nor did it ask if parents in fact felt they could use the leave to which they had access.
35. As noted above under Goal 4, a Department of Labor survey of employees and employers conducted in 2000 found that over half of those who took leave said they worried about not having enough money for bills, and "a substantial share" of those who said they needed but did not take leave did so because they could not afford it (Waldfogel 2001).
36. The other programs were not necessarily ineffective, but the data or research design may have been inadequate or implementation insufficiently advanced to gauge effectiveness.
37. See also California EDD, "About the Paid Family Leave Insurance Program," <http://www.edd.ca.gov/direp/pflind.asp>; California EDD, "Paid Family Leave Insurance: Frequently Asked Questions," <http://www.edd.ca.gov/direp/pflfaq1tx.htm>; and California EDD, "State Disability Insurance (SDI): Frequently Asked Questions," <http://www.edd.ca.gov/direp/difaq2tx.htm>.

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38. See Faye Mallett, "UK Maternity Leave Laws," The Galt Global Review, http://www.galtglobalreview.com/careers/UK_Maternity.htm.
 39. The proposal also includes several federal reforms including expansion of the Trade Adjustment Assistance (TAA) program, more reliable jobless benefits during recession, reform of the Disaster Unemployment Assistance program, and dedicated funds for transitional employment programs for hard-to-employ workers.
 40. NELP provides a discussion of costs and benefits with cost estimates for some components: UI expansion (about \$1.5 billion a year), paid leave similar to the California program (about \$27 in taxes from each worker a year), health insurance for people qualifying for jobless benefits similar to the preexisting Massachusetts Medical Security Plan (about \$17 per worker in employer payroll tax, matched by federal Medicaid funds), mortgage assistance (self-sustaining over the long run with short-term costs), and subsidized state education and training funds (employer contributions offset by employer UI payroll taxes).

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